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FACTS ABOUT STORE DEVELOPMENT 1987

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The Food Marketing Institute (FMI) is a nonprofit association conducting programs in research, education and public affairs on behalf of its 1,600 members -- food retailers and wholesalers and their customers in the United States and overseas. FMI's domestic member companies operate approximately 17,000 retail food stores with a combined annual sales volume of $180 billion -- more than half of all grocery sales in the United States. Most of FMI's retail membership is composed of large multi-store chains, small regional firms and independent supermarkets. Its international membership includes more than 190 members from over 50 nations.

TABLE OF CONTENTS

Executive Summary v

Store Activity 1

Existing Stores 3

Store Remodelings 4

Ownership and Lease Arrangements 7

New Stores 15

Trends in New Store Construction 15

Ownership and Lease Arrangements 31

Sample Questionnaires 37

EXECUTIVE SUMMARY

Store development in 1987 followed some trends of the past few years while breaking new ground in other areas, notably the fact that more stores were opened than closed for the first time since 1982.

Remodelings continued to be the most popular activity. Almost ten percent of the stores operating on December 31, 1987 had undergone a major remodeling during the year. A typical remodeling required a capital investment of $500,000, or $24.24 per square foot. A store was typically ten years old at its first remodeling and underwent subsequent remodelings every six years thereafter.

The majority of stores are leased from another company or a parent/subsidiary company. The average expected total rent for an existing store was $6.00 per square foot, which broke out to a minimum rent of $4.05 per square foot plus overages of 0.9 percent of annual sales.

New store size continued to escalate in 1987, rising to 46,892 square feet, 33,000 of which was selling area. The typical new store cost $75.66 per square foot to construct. Building costs were typically $34.04 per square foot, and equipment, fixtures and decorations cost $35.00 per square foot. Opening inventory required an investment of $800,000.

New stores typically expected to pay $6.97 per square foot in total rents: $6.48 in minimum rents and 0.7 percent of annual sales as overages.

STORE ACTIVITY

Table 1a details overall store activity for the past five years as of December 31 of the corresponding year. The year 1987 was unique in that more stores were newly opened than closed. The most popular activity was store remodelings for the third consecutive year

Combination stores surpassed super stores as the most frequently opened stores in 1987 (Table 1b). The percentage of newly opened warehouse stores declined for the third year in a row. Conventionals continued to be the store type most frequently closed in 1987.

TABLE 1a
Percentage of Stores Opened, Closed, or Remodeled
1983-1987

	Supermarkets Opened	Supermarkets Closed	Supermarkets Remodeled
1987	4.6%	3.3%	9.6%
1986	3.9%	4.6%	9.5%
1985	3.1%	4.2%	9.9%
1984	4.1%	6.9%	4.3%
1983	3.7%	4.3%	6.3%

TABLE 1b
PERCENTAGE OF STORE ACTIVITY BY TYPE
1983-1987

	CONVENTIONAL STORES	SUPER STORES	COMBINATION STORES	WAREHOUSE STORES
STORES OPENED				
1987	17.8%	36.8%	37.9%	5.1%
1986	31.3%	38.5%	21.0%	7.7%
1985	21.5%	49.2%	18.4%	9.0%
1984	26.2%	47.1%	21.8%	4.4%
1983	16.4%	41.2%	31.4%	8.4%
STORES CLOSED				
1987	67.3%	20.6%	4.2%	4.7%
1986	64.2%	21.5%	7.8%	2.7%
1985	66.6%	25.1%	2.6%	5.3%
1984	70.6%	23.9%	4.1%	0.5%
1983	76.8%	14.6%	1.2%	3.4%

EXISTING STORES

According to the *Food Marketing Industry Speaks, 1988* the typical store was 31,000 sq. ft. in total area. Selling area typically used around 70 percent of the total area. As shown in Table 2, conventional stores (under 30,000 sq. ft.) accounted for almost 58 percent of the supermarkets in operation in 1987. This number has remained steady over the past five years, averaging 55.3 percent. The percent of combination stores has risen slightly over the past five years from 6.8 percent in 1982 to 11.1 percent in 1986 and 1987's 15.0 percent. Combination stores seem to be making inroads into the popularity of super stores. The percentage of super stores has declined every year from 1984's high of 35.9 percent to 1987's 23.2 percent. Just over three percent of stores were warehouse formats, a figure that has not changed appreciably in the past five years.

TABLE 2
TYPE AND AVERAGE AGE OF SUPERMARKETS IN OPERATION ON DECEMBER 31, 1987

	SUPERMARKETS IN OPERATION	AVERAGE AGE (IN YEARS)
TOTAL	100.0	5.6
CONVENTIONAL STORES	57.7	6.4
SUPER STORES	23.2	4.5
COMBINATION STORES	15.0	4.5
WAREHOUSE STORES	3.1	3.4
OTHER	1.0	5.3

NOTE: DATA WEIGHTED BY NUMBER OF STORES

SOURCE: FOOD MARKETING INSTITUTE, FACTS ABOUT STORE DEVELOPMENT, 1987

STORE REMODELINGS

Remodelings were the most popular store activity in 1987 as they have been almost every year since FMI began keeping records in 1981. Many areas of the country have an abundance of grocery stores, causing fierce competition. Newly refurbished stores are one way of luring the customer away from the "other guy." Higher building costs and the cost of real estate have also reduced the number of new stores. The typical total capital investment for a remodeling was $500,000, or $24.24 per square foot in 1987, compared with $75.66 per square foot for a new store (Table 15). A store was open 10 years before its first remodeling (Table 5). Subsequent remodelings occurred every six years (Table 6).

Besides the obvious cosmetic changes, store remodelings involve many "behind-the-scenes" changes. For example, many remodelings include attempts to reduce energy costs. Heat reclaim systems, in which exhaust heat generated by the machinery used to run refrigerators and freezers is recycled to heat the store, are very popular. These systems can raise store temperatures to levels that are 50 degrees higher than the temperature outside. For many stores, heating is free until the temperature drops below 15 degrees outside. In 1987, 52.7 percent of companies responding to an energy survey in the *Food Marketing Industry Speaks, 1988* installed these systems in existing stores. Seventy-five percent reduced store front or other windows and 71.6 percent changed heating systems in existing stores. Many stores have installed total energy maintenance systems, in which computers monitor energy use throughout the store, automatically turning off equipment where it is not needed. In 1987, a typical company saved $20,000 per store through the use of total energy systems. Early detection of energy problems by electronic sensors resulted in a savings of $3,000 worth of product that would have been lost otherwise.

Systems to improve productivity also increase remodeling costs. Such systems are particularly important in light of the severe labor shortage faced by many supermarket operators at the same time customers are demanding more and better service departments. The advent of scanning is the most dramatic development. Scanning systems cost a great deal — for example, as much as $200,000 to install scanning systems in a single 10 lane store. At the end of 1987, it was estimated that 62 percent of chain stores and 48 percent of independents were equipped with scanning systems.

TABLE 3
TYPICAL TOTAL CAPITAL INVESTMENT PER SQUARE FOOT PER MAJOR REMODELING

	MEDIAN	MIDDLE RANGE		NUMBER PARTICIPATING
ALL COMPANIES	24.24	9.46	43.00	64
COMPANY SALES (IN MILLIONS OF DOLLARS)				
UNDER 10 MILLION	10.22	7.05	19.57	4
10 - 30 MILLION	19.38	8.50	41.00	11
31 - 100 MILLION	17.00	5.34	35.80	11
101 - 250 MILLION	26.98	20.00	40.00	6
251 - 500 MILLION	21.00	6.83	42.51	8
OVER 500 MILLION	30.68	16.30	66.26	16

NOTE: UNWEIGHTED DATA

SOURCE: FOOD MARKETING INSTITUTE, FACTS ABOUT STORE DEVELOPMENT 1987

TABLE 4
TYPICAL TOTAL CAPITAL INVESTMENT PER SUPERMARKET PER MAJOR REMODELING

	MEDIAN	MIDDLE RANGE		NUMBER PARTICIPATING
ALL COMPANIES	500000	200000	1000000	67
COMPANY SALES (IN MILLIONS OF DOLLARS)				
UNDER 10 MILLION	200000	80000	250000	5
10 - 30 MILLION	325000	180000	1000000	11
31 100 MILLION	280000	170000	650000	13
101 - 250 MILLION	1193488	350000	1649000	6
251 - 500 MILLION	375000	250000	1325000	8
OVER 500 MILLION	966794	585000	1713648	16

NOTE: UNWEIGHTED DATA

SOURCE: FOOD MARKETING INSTITUTE, FACTS ABOUT STORE DEVELOPMENT, 1987

TABLE 5
TYPICAL YEARS FROM FIRST OPENING TO PRESENT REMODELING

	MEDIAN	MIDDLE RANGE		NUMBER PARTICIPATING
ALL COMPANIES	10.0	6.0	13.0	66
COMPANY SALES (IN MILLIONS OF DOLLARS)				
UNDER 10 MILLION	10.0	3.0	12.0	5
10 - 30 MILLION	7.5	0	10.0	11
31 - 100 MILLION	10.0	5.0	12.0	11
101 - 250 MILLION	12.5	10.0	15.0	6
251 - 500 MILLION	6.5	3.0	8.0	10
OVER 500 MILLION	12.0	8.0	15.0	15

NOTE: UNWEIGHTED DATA

SOURCE: FOOD MARKETING INSTITUTE, FACTS ABOUT STORE DEVELOPMENT, 1987

TABLE 6
TYPICAL YEARS FROM LAST MAJOR REMODELING TO PRESENT REMODELING

	MEDIAN	MIDDLE RANGE		NUMBER PARTICIPATING
ALL COMPANIES	6.0	3.0	8.5	65
COMPANY SALES (IN MILLIONS OF DOLLARS)				
UNDER 10 MILLION	3.0	2.0	4.0	5
10 - 30 MILLION	6.5	5.0	10.0	11
31 - 100 MILLION	4.0	0	8.0	11
101 - 250 MILLION	9.0	5.0	10.0	6
251 - 500 MILLION	3.0	0	4.0	9
OVER 500 MILLION	8.0	6.0	13.0	15

NOTE: UNWEIGHTED DATA

SOURCE: FOOD MARKETING INSTITUTE, FACTS ABOUT STORE DEVELOPMENT, 1987

OWNERSHIP AND LEASE ARRANGEMENTS FOR EXISTING STORES

The majority of American supermarkets are leased, either from an outsider or a parent company (Table 7). The average minimum rent for a store in 1987 was $4.05/sq.ft. Supermarkets also are often charged overages, that is a certain percent of their sales as a part of the rent. In 1987, these were expected to average 0.9 percent of sales bringing the expected total rent to $6.00/sq.ft. (Table 8).

TABLE 7a
NUMBER OF SUPERMARKETS OWNED/LEASED

		GEOGRAPHIC REGION								
	TOTAL	NORTH EAST	MIDDLE ATLANTIC	EAST NORTH CENTRAL	WEST NORTH CENTRAL	SOUTH EAST	WEST SOUTH CENTRAL	MOUNTAIN	PACIFIC	CANADA
ALL STORES	4378	189	215	892	410	1294	581	224	520	53
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
SUPERMARKETS OWNED	32.8	54.5	11.2	34.0	21.2	39.7	38.4	27.7	22.9	-
SUPERMARKETS LEASED FROM A SUBSIDIARY	13.6	3.2	27.4	8.1	27.8	12.6	18.4	5.4	11.0	13.2
SUPERMARKETS LEASED FROM ANOTHER COMPANY	53.6	42.3	61.4	58.0	51.0	47.7	43.2	67.0	66.2	86.8

NOTE: UNWEIGHTED DATA

SOURCE: FOOD MARKETING INSTITUTE, FACTS ABOUT STORE DEVELOPMENT, 1987

TABLE 7b
NUMBER OF SUPERMARKETS OWNED/LEASED

		1986 SALES (MILLIONS OF DOLLARS)					
	TOTAL	UNDER 10	10-30	31-100	101-250	251-500	OVER 500
ALL STORES	4378	60	1124	242	193	423	2284
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0
SUPERMARKETS OWNED	32.8	85.0	11.5	53.7	27.5	26.7	40.7
SUPERMARKETS LEASED FROM A SUBSIDIARY	13.6	5.0	3.0	16.1	10.4	23.2	17.3
SUPERMARKETS LEASED FROM ANOTHER COMPANY	53.6	10.0	85.5	30.2	62.2	50.1	42.0

NOTE: UNWEIGHTED DATA

SOURCE: FOOD MARKETING INSTITUTE, FACTS ABOUT STORE DEVELOPMENT, 1987

Figure 1

MEAN RENT FOR EXISTING STORES

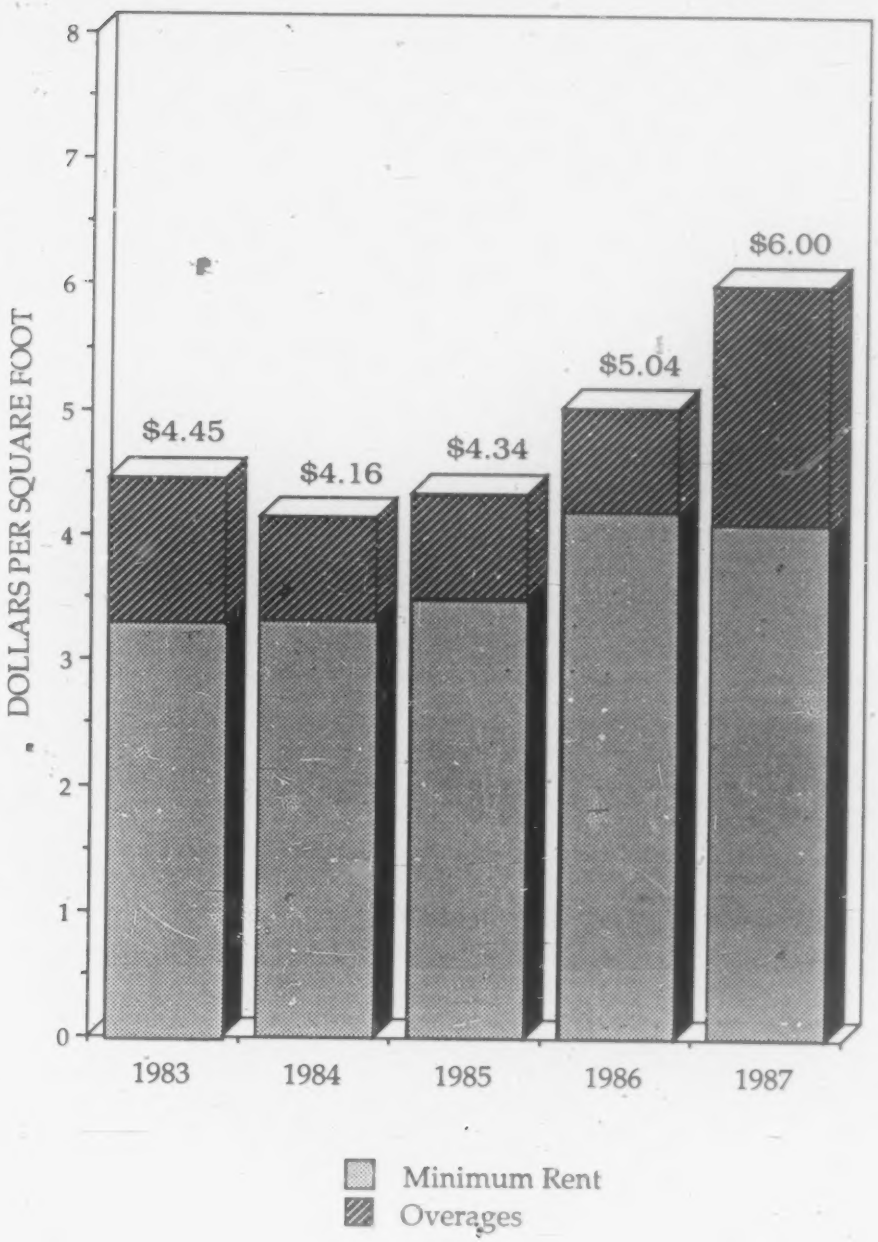

TABLE 8a

MEAN RENT FOR EXISTING STORES

		TYPE OF STORE					LOCATION OF STORE			
	TOTAL	CONVEN-TIONAL	SUPER STORE	COMBI-NATION	WARE-HOUSE	OTHER	COMMUN.* REGIONAL	NEIGH. CENTER	FREE STANDING	OTHER
TOTAL	134	90	26	10	0	1	20	37	14	0
MINIMUM RENT	4.05	3.89	4.48	4.53			5.25	3.74	2.90	
TOTAL	105	63	21	6			16	25	11	
OVERAGES AS A PERCENT OF SALES	.9	.7	1.0	1.3			1.1	1.1	.9	
TOTAL	116	74	24	10			19	33	12	
EXPECTED TOTAL RENT	6.00	5.25	6.37	12.32			6.54	6.21	10.49	

NOTE: UNWEIGHTED DATA

SOURCE: FOOD MARKETING INSTITUTE, FACTS ABOUT STORE DEVELOPMENT, 1987

TABLE 8b

MEAN RENT FOR EXISTING STORES

		GEOGRAPHIC REGION								
	TOTAL	NORTH EAST	MIDDLE ATLANTIC	EAST NORTH CENTRAL	WEST NORTH CENTRAL	SOUTH EAST	WEST SOUTH CENTRAL	MOUNTAIN	PACIFIC	CANADA
TOTAL	134	12	26	28	9	22	9	10	11	7
MINIMUM RENT	4.05	3.27	4.44	3.77	3.55	3.52	4.48	7.16	2.19	5.30
TOTAL	105	11	11	22	9	18	1	10	16	7
OVERAGES AS A PERCENT OF SALES	.9	.5	1.2	.4	.4	1.1	.6	1.0	1.3	1.5
TOTAL	116	11	25	25	9	16	4	9	10	7
EXPECTED TOTAL RENT	6.00	5.52	5.91	4.13	3.34	3.99	6.42	11.78	10.26	8.06

NOTE: UNWEIGHTED DATA

SOURCE: FOOD MARKETING INSTITUTE, FACTS ABOUT STORE DEVELOPMENT, 1987

To more fully describe the actual lease arrangements for stores, information for each supermarket is listed individually in Table 9 for participating companies. It shows the size, location and type of supermarket, along with the rent paid and services provided by the landlord. All supermarkets are classified first by region and then by size. To illustrate: in the Northeast, which is the first region presented, each line represents a supermarket. The first line describes a 33,000 sq. ft. super store. The company pays $5.25/sq. ft. for rent plus 1.00 of annual sales as rent overages. The averages for rent, rent overages, annual common area charges, total rent and size for all stores in that region are given at the end of that region's listing.

TABLE 6

OWNERSHIP/LEASE ARRANGEMENT FOR EXISTING STORES

REGION	LOCATION OF SUPERMARKET	TYPE OF SUPERMARKET	MINIMUM RENT PER SQUARE FOOT	RENT OVERAGES AS A PERCENT OF SALES	ESTIMATED TOTAL RENT INCLUDING OVERAGES AFTER FIVE YEARS	SERVICES PROVIDED BY THE LANDLORD -- INSTALLATION OF HEATING/AIR CONDITIONING	MAINTENANCE OF HEATING/AIR CONDITIONING	TAXES	INCREASES IN TAXES	INSURANCE	PARKING INSTALLATION	SPRINKLER SYSTEM	SECURITY	SNOW REMOVAL	ANNUAL COMMON AREA CHARGES	TOTAL SIZE OF STORE
NORTHEAST		SUPER STORE	$5.25	1.00%	$6.73	X				X	X		X			33,000
	NEIGHBORHOOD	SUPER STORE	$3.08	0.36%	$4.68	X				X		X	X		$6,326	31,827
	NEIGHBORHOOD	SUPER STORE	$3.49		$3.78	X				X	X				$5,480	31,150
	COMM./REGIONAL	CONVENTIONAL	$2.50	0.00%	$3.25	X			X	X	X	X	X	X		25,000
		CONVENTIONAL	$2.18	0.00%	$2.73											22,000
		CONVENTIONAL	$4.50	0.00%	$4.50	X										22,000
		CONVENTIONAL	$2.00												$0	22,000
	NEIGHBORHOOD	CONVENTIONAL	$3.15	1.00%	$3.62	X		X		X	X	X		X	$4,000	21,000
	COMM./REGIONAL	CONVENTIONAL	$2.40	1.00%	$2.40	X		X		X	X			X	$4,200	21,000
		CONVENTIONAL	$6.25	1.00%	$7.75	X					X	X			$3,900	20,000
		CONVENTIONAL	$3.01	0.00%	$3.01			X	X	X					$2,500	18,000
		CONVENTIONAL	$2.22	0.00%	$2.50											16,000
		CONVENTIONAL	$4.15	0.00%	$5.00	X										15,000
		CONVENTIONAL	$2.00	1.00%				X			X				$0	15,000
		CONVENTIONAL	$2.41			X		X		X	X			X	$0	14,400
		CONVENTIONAL		2.00%		X		X							$0	13,000
	FREE STANDING	CONVENTIONAL	$1.85	0.00%	$1.85					X	X				$5,000	12,000
		CONVENTIONAL	$3.90	0.00%	$3.90			X							$2,000	12,000
	FREE STANDING	CONVENTIONAL	$2.00	0.00%	$20.00	X		X		X	X	X			$4,000	6,500
		CONVENTIONAL	$8.00		$8.50			X		X	X					-
		CONVENTIONAL	$6.00	0.05%	$8.00			X		X	X			X		-
AVERAGE			$3.52	0.43%	$5.42										$2,877	19,520
MID-ATLANTIC	FREE STANDING	COMBINATION	$3.14		$3.14	X					X	X			$14,624	51,145
		SUPER STORE	$5.00		$6.00	X										49,500
	COMM./REGIONAL	COMBINATION	$4.77		$4.77	X					X	X	X	X	$64,560	48,124
		SUPER STORE	$6.15	1.76%												41,000
	NEIGHBORHOOD	SUPER STORE	$3.24	1.00%	$5.35	X		X	X	X	X	X	X	X		35,948
	NEIGHBORHOOD	SUPER STORE	$4.07	1.25%	$9.00	X					X	X		X	$0	35,000
	COMM./REGIONAL	SUPER STORE	$10.00	1.50%	$12.00				X	X	X	X	X	X		35,000
	NEIGHBORHOOD	SUPER STORE	$6.00	1.00%	$6.00	X					X	X	X	X		33,700
	COMM./REGIONAL	SUPER STORE	$3.50	1.00%	$8.00						X	X	X	X	$0	33,200
	COMM./REGIONAL	SUPER STORE	$3.80		$3.95	X			X		X	X		X	$32,202	32,742
	NEIGHBORHOOD	SUPER STORE	$3.70	1.25%	$5.85	X					X	X	X	X		31,409
	NEIGHBORHOOD	SUPER STORE	$2.86		$2.86	X					X	X			$13,123	30,523
	COMM./REGIONAL	CONVENTIONAL	$12.00	1.50%	$14.00					X	X		X	X		30,000
	NEIGHBORHOOD	CONVENTIONAL	$3.23		$3.23	X				X	X	X		X	$21,366	28,480
		CONVENTIONAL	$6.37		$6.75						X			X		27,000
	NEIGHBORHOOD	CONVENTIONAL	$1.66		$3.12				X	X	X			X	$12,707	25,650
	FREE STANDING	CONVENTIONAL	$4.00	1.25%	$4.75	X		X		X	X			X	$3,600	25,000
	NEIGHBORHOOD	CONVENTIONAL	$4.00	1.25%	$12.00	X					X			X	$0	25,000
		CONVENTIONAL	$4.75		$5.00						X					24,000
	NEIGHBORHOOD	OTHER	$1.68		$1.75	X		X			X					23,400
		CONVENTIONAL	$3.25		$4.00	X					X			X		21,000
		CONVENTIONAL	$6.00	1.00%	$8.00						X			X		20,000
		CONVENTIONAL	$3.00			X					X					20,000
		CONVENTIONAL	$3.25		$3.75	X					X			X		20,000

CONTINUED

TABLE 9

OWNERSHIP/LEASE ARRANGEMENT FOR EXISTING STORES

REGION	LOCATION OF SUPERMARKET	TYPE OF SUPERMARKET	MINIMUM RENT PER SQUARE FOOT	RENT OVERAGES AS A PERCENT OF SALES	ESTIMATED TOTAL RENT INCLUDING OVERAGES AFTER FIVE YEARS	SERVICES PROVIDED BY THE LANDLORD -- INSTALLATION OF HEATING/AIR CONDITIONING	MAINTENANCE OF HEATING/AIR CONDITIONING	TAXES	INCREASES IN TAXES	INSURANCE	PARKING INSTALLATION	SPRINKLER SYSTEM	SECURITY	SNOW REMOVAL	ANNUAL COMMON AREA CHARGES	TOTAL SIZE OF STORE
		CONVENTIONAL	$4.47	0.00%	$4.71					X					$0	19,100
		CONVENTIONAL	$1.41		$1.41		X			X				X		16,300
	FREE STANDING	CONVENTIONAL	$2.00		$2.00	X				X					$3,852	16,002
		CONVENTIONAL	$3.35	1.01%	$5.47	X	X		X	X						10,560
	COMM./REGIONAL	CONVENTIONAL	$3.00		$3.00	X									$2,500	10,000
		CONVENTIONAL	$6.50		$7.00					X						10,000
		CONVENTIONAL	$8.00	1.00%	$9.25	X				X						10,000
		CONVENTIONAL	$4.90		$6.00	X				X					$1,700	9,800
	FREE STANDING	CONVENTIONAL	$2.41	1.25%	$3.00	X		X		X	X			X		-
	NEIGHBORHOOD	SUPER STORE	$5.50	0.00%	$5.50											-
	NEIGHBORHOOD	WAREHOUSE	$7.40	1.00%	$7.40	X				X	X	X		X		-
AVERAGE			$4.52	1.06%	$5.70										$12,160	26,518
E N CENTRAL	NEIGHBORHOOD	SUPER STORE	$5.50	1.00%	$5.80	X				X	X	X		X		45,000
	COMM./REGIONAL	WAREHOUSE	$6.00		$6.00					X	X					43,000
		SUPER STORE	$2.70	1.50%	$3.15			X			X		X	X	$18,000	42,380
		SUPER STORE	$6.00	0.00%	$6.00							X			$5,000	42,000
	COMM./REGIONAL	SUPER STORE	$4.70							X	X					40,000
	NEIGHBORHOOD	SUPER STORE	$4.13	1.00%	$5.10											33,912
		SUPER STORE	$3.25	1.00%	$3.40						X			X	$0	33,000
	NEIGHBORHOOD	CONVENTIONAL	$2.74	0.00%	$2.74											29,920
	NEIGHBORHOOD	CONVENTIONAL	$3.30	1.00%	$4.01											29,920
	NEIGHBORHOOD	CONVENTIONAL	$5.70	1.00%	$6.00	X				X	X	X		X		28,000
		CONVENTIONAL	$5.00	0.00%	$5.00										$0	27,500
		CONVENTIONAL	$0.45		$0.45											27,000
	NEIGHBORHOOD	CONVENTIONAL	$4.95	1.00%	$4.95											25,000
		CONVENTIONAL	$2.61		$2.61			X		X					$0	23,000
	COMM./REGIONAL	CONVENTIONAL	$2.24	1.00%	$2.70			X	X	X	X					22,750
		CONVENTIONAL		2.50%	$3.38	X	X	X	X	X	X					22,000
		CONVENTIONAL	$3.50	1.00%	$3.50											21,000
		CONVENTIONAL	$3.08		$3.08											20,000
	COMM./REGIONAL	CONVENTIONAL	$2.75	1.00%	$2.75			X	X	X	X					20,000
	FREE STANDING	CONVENTIONAL	$2.75		$2.75			X	X	X	X					18,300
	OTHER	CONVENTIONAL	$4.00			X										18,000
		CONVENTIONAL	$3.00		$3.00										$10,000	18,000
		CONVENTIONAL	$2.66			X					X	X			$0	18,000
	NEIGHBORHOOD	CONVENTIONAL	$1.84	1.00%	$2.63			X	X	X	X					18,000
		CONVENTIONAL	$1.51	1.00%	$11.43	X		X		X	X				$0	17,500
		CONVENTIONAL	$3.60	0.00%	$3.60											17,000
		CONVENTIONAL	$2.62	1.00%	$2.62				X						$0	16,500
		CONVENTIONAL	$3.00	0.00%	$3.00										$0	16,500
		CONVENTIONAL	$2.35	0.00%	$3.50		X	X			X				$5,000	16,000
		CONVENTIONAL	$8.28	0.00%	$10.00										$0	15,700
		CONVENTIONAL	$2.75	1.50%						X	X	X		X		15,000
	FREE STANDING	CONVENTIONAL	$2.55	1.00%	$2.55			X	X	X	X					15,000
		CONVENTIONAL	$3.72		$3.72											13,000
		CONVENTIONAL	$3.35	0.00%	$3.35										$0	13,000
	FREE STANDING	CONVENTIONAL	$1.89		$1.89			X	X	X	X					12,700
		CONVENTIONAL	$1.08	0.00%	$2.92											12,500

CONTINUED

TABLE 9

OWNERSHIP/LEASE ARRANGEMENT FOR EXISTING STORES

REGION	LOCATION OF SUPERMARKET	TYPE OF SUPERMARKET	MINIMUM RENT PER SQUARE FOOT	RENT OVERAGES AS A PERCENT OF SALES	ESTIMATED TOTAL RENT INCLUDING OVERAGES AFTER FIVE YEARS	SERVICES PROVIDED BY THE LANDLORD -- INSTALLATION OF HEATING/AIR CONDITIONING	MAINTENANCE OF HEATING/AIR CONDITIONING	TAXES	INCREASES IN TAXES	INSURANCE	PARKING INSTALLATION	SPRINKLER SYSTEM	SECURITY	SNOW REMOVAL	ANNUAL COMMON AREA CHARGES	TOTAL SIZE OF STORE
		CONVENTIONAL	$4.50	0.00%	$4.50										$0	12,000
		CONVENTIONAL	$5.10	0.00%	$5.10										$0	12,000
		CONVENTIONAL	$2.05			X				X	X				$0	12,000
	NEIGHBORHOOD	CONVENTIONAL	$2.08		$2.08		X	X	X	X						12,000
		CONVENTIONAL	$1.60	0.00%	$1.60										$0	11,500
		CONVENTIONAL	$3.16	0.00%	$3.16		X	X								11,400
		CONVENTIONAL	$2.50	0.00%	$2.50										$0	10,000
		CONVENTIONAL	$2.00	0.00%	$2.00										$0	6,000
		CONVENTIONAL	$15.00	0.00%	$15.00	X	X	X	X	X	X		X	X		4,000
		CONVENTIONAL	$2.02	0.00%	$2.02	X					X				$20,000	-
AVERAGE			$3.55	0.56%	$4.04										$2,900	20,822
W N CENTRAL	COMM./REGIONAL	SUPER STORE	$5.18	1.00%	$5.45	X					X				$5,200	36,227
	COMM./REGIONAL	SUPER STORE	$6.44	0.75%	$6.44	X					X				$5,500	34,546
		SUPER STORE	$3.91	0.00%	$0.00	X					X	X				34,500
	COMM./REGIONAL	CONVENTIONAL	$3.75	0.00%	$3.75	X					X				$3,000	26,900
	COMM./REGIONAL	CONVENTIONAL	$3.25	1.00%	$4.99	X					X				$5,300	26,650
	COMM./REGIONAL	CONVENTIONAL	$3.68		$3.68	X		X			X				$4,350	19,400
		CONVENTIONAL	$0.24	1.00%	$0.27						X					15,000
			$2.50	0.00%	$2.50	X										-
				0.00%		X									$10	-
			$3.00	0.00%	$3.00	X									$0	-
AVERAGE			$3.55	0.41%	$3.34										$3,337	27,603
SOUTHEAST	FREE STANDING		$6.50	1.00%	$6.50					X	X	X				56,000
	NEIGHBORHOOD	SUPER STORE	$3.75				X		X							45,000
	NEIGHBORHOOD		$6.50	1.00%	$6.50					X	X	X				40,000
	COMM./REGIONAL		$4.50	1.00%	$4.50					X	X	X				36,000
		COMBINATION		1.50%												30,000
	COMM./REGIONAL		$3.00	1.00%	$3.00					X	X	X				30,000
	NEIGHBORHOOD	CONVENTIONAL	$4.50	1.00%	$4.75	X					X	X			$3,000	29,781
		CONVENTIONAL	$2.50	1.25%	$2.95	X		X		X	X				$0	28,750
		WAREHOUSE		3.00%											$0	28,016
	NEIGHBORHOOD	CONVENTIONAL	$6.00													26,000
	NEIGHBORHOOD	CONVENTIONAL	$3.00	1.00%			X		X							25,000
	FREE STANDING	CONVENTIONAL	$0.60													23,000
		CONVENTIONAL	$1.97	0.00%	$1.97						X			X		22,500
	NEIGHBORHOOD	CONVENTIONAL	$3.00	1.50%			X		X							22,000
	FREE STANDING	CONVENTIONAL	$3.00	1.50%			X		X							22,000
	FREE STANDING	CONVENTIONAL	$2.30	0.00%	$2.30	X		X	X	X					$0	21,000

CONTINUED

TABLE 9

OWNERSHIP/LEASE ARRANGEMENT FOR EXISTING STORES

REGION	LOCATION OF SUPERMARKET	TYPE OF SUPERMARKET	MINIMUM RENT PER SQUARE FOOT	RENT OVERAGES AS A PERCENT OF SALES	ESTIMATED TOTAL RENT INCLUDING OVERAGES AFTER FIVE YEARS	SERVICES PROVIDED BY THE LANDLORD -- INSTALLATION OF HEATING/AIR CONDITIONING	MAINTENANCE OF HEATING/AIR CONDITIONING	TAXES	INCREASES IN TAXES	INSURANCE	PARKING INSTALLATION	SPRINKLER SYSTEM	SECURITY	SNOW REMOVAL	ANNUAL COMMON AREA CHARGES	TOTAL SIZE OF STORE
	NEIGHBORHOOD	CONVENTIONAL	$3.00	1.25%	$3.65	X					X			X	$6,000	20,000
	NEIGHBORHOOD	CONVENTIONAL	$3.75	1.00%	$3.75	X		X			X			X	$2,000	19,932
	NEIGHBORHOOD	CONVENTIONAL	$2.50	0.00%	$2.50	X			X	X	X			X	$0	19,000
	COMM./REGIONAL	CONVENTIONAL	$3.25	1.01%	$3.57	X			X	X	X			X	$0	19,000
	NEIGHBORHOOD	CONVENTIONAL	$3.25		$3.25	X					X	X		X	$1,820	18,200
	NEIGHBORHOOD	CONVENTIONAL	$3.15	0.00%	$3.15	X			X	X	X				$0	18,000
	NEIGHBORHOOD	CONVENTIONAL	$2.65		$2.65	X					X			X		17,800
	FREE STANDING	CONVENTIONAL	$4.55	1.25%	$5.23										$5,000	16,500
	FREE STANDING	CONVENTIONAL	$4.25	0.00%	$4.25	X		X	X	X					$0	16,500
			$3.50	1.00%	$4.00	X					X	X			$0	15,000
	NEIGHBORHOOD	CONVENTIONAL	$2.10	1.00%	$3.25	X					X					14,520
		CONVENTIONAL	$3.00	0.00%	$3.75	X	X	X	X	X	X	X			$0	12,000
		CONVENTIONAL	$1.80	0.00%	$1.80			X		X					$0	8,400
		CONVENTIONAL	$4.00		$6.00						X	X		X		7,000
AVERAGE			$3.42	0.88%	$3.78										$1,188	23,563
W S CENTRAL	NEIGHBORHOOD	COMBINATION	$8.00		$8.00	X		X	X	X	X	X			$23,404	52,990
	NEIGHBORHOOD	COMBINATION	$7.03		$7.03	X		X	X	X	X	X			$29,593	51,114
	NEIGHBORHOOD	COMBINATION	$5.23		$5.23	X		X	X		X	X			$35,653	40,091
	NEIGHBORHOOD	SUPER STORE	$2.70	0.56%	$5.43	X		X	X		X	X			$13,136	32,250
		CONVENTIONAL	$2.39					X	X	X	X				$0	27,000
		CONVENTIONAL	$4.50								X				$5,000	24,000
		CONVENTIONAL	$3.03								X				$0	22,000
		CONVENTIONAL	$3.12								X				$2,500	20,000
		CONVENTIONAL	$4.32								X				$0	19,000
		CONVENTIONAL														13,500
		CONVENTIONAL				X		X	X	X	X				$180	11,000
AVERAGE			$4.48	0.56%	$6.42										$10,947	28,450
MOUNTAIN		SUPER STORE	$5.00	1.50%	$5.00						X			X		45,000
	NEIGHBORHOOD	SUPER STORE	$5.20	1.25%	$5.80	X					X	X			$13,000	35,000
	FREE STANDING	COMBINATION	$6.48	1.05%	$32.40										$2,218	33,368
	NEIGHBORHOOD	SUPER STORE	$4.46	1.25%	$4.65	X					X	X			$9,800	32,000
	NEIGHBORHOOD	COMBINATION	$3.18	1.65%	$20.74										$3,910	30,829
	NEIGHBORHOOD	CONVENTIONAL	$3.40	1.25%	$3.45	X					X	X			$9,500	24,650
		CONVENTIONAL	$14.00	1.00%	$15.00			X			X	X		X	$24,000	22,500
		CONVENTIONAL	$10.90	0.00%											$0	22,000
		CONVENTIONAL	$8.00	1.07%	$9.00	X	X	X	X	X	X	X	X	X	$29,000	19,000
		CONVENTIONAL	$11.00	0.00%	$10.00						X			X	$11,000	14,500
AVERAGE			$7.16	1.00%	$11.78										$11,381	27,885

CONTINUED

TABLE 9

OWNERSHIP/LEASE ARRANGEMENT FOR EXISTING STORES

REGION	LOCATION OF SUPERMARKET	TYPE OF SUPERMARKET	MINIMUM RENT PER SQUARE FOOT	RENT OVERAGES AS A PERCENT OF SALES	ESTIMATED TOTAL RENT INCLUDING OVERAGES AFTER FIVE YEARS	SERVICES PROVIDED BY THE LANDLORD --									ANNUAL COMMON AREA CHARGES	TOTAL SIZE OF STORE
						V	V	V	V	V	V	V	V	V		
PACIFIC	NEIGHBORHOOD	SUPER STORE	$1.09	1.00%	$5.96										$5,822	53,742
	NEIGHBORHOOD	SUPER STORE	$3.68	1.64%	$18.40										$11,208	53,083
			$8.56	1.50%	$8.75						X		X	X	$60,000	45,260
	NEIGHBORHOOD	COMBINATION	$3.16	1.65%	$15.80										$2,878	39,741
	FREE STANDING	COMBINATION	$1.95	1.25%	$10.84										$5,184	36,206
			$6.94	1.50%	$9.72						X			X		33,410
	FREE STANDING	COMBINATION	$2.38	1.00%	$15.22										$4,995	31,648
			$2.65	1.00%	$3.83						X			X		31,604
			$4.95		$4.95						X			X	$16,000	29,030
	FREE STANDING	CONVENTIONAL	$1.97	1.05%	$12.18					X					$14,436	26,528
				1.50%												26,000
				1.50%												26,000
				1.50%							X	X				26,000
	FREE STANDING	CONVENTIONAL	$1.33	0.75%	$11.26										$2,327	25,416
				1.50%												23,000
	NEIGHBORHOOD	CONVENTIONAL	$0.23	1.50%	$0.35			X			X	X			$0	22,500
		CONVENTIONAL	$3.50	1.50%	$3.50	X		X	X	X	X	X			$3,000	22,000
				1.50%												21,000
		CONVENTIONAL	$2.64	0.25%	$5.25						X			X	$4,800	20,100
				1.50%												17,500
		CONVENTIONAL	$0.16				X		X			X				16,000
		CONVENTIONAL	$2.20	1.50%	$3.24				X	X					$0	11,400
		CONVENTIONAL	$3.57	2.03%	$4.40				X			X			$200	8,400
AVERAGE			$3.00	1.33%	$8.35										$9,346	28,068
CANADA	COMM./REGIONAL	SUPER STORE	$5.50	1.50%	$10.99											35,056
	COMM./REGIONAL	SUPER STORE	$7.87	1.50%	$8.74											30,488
	COMM./REGIONAL	CONVENTIONAL	$5.67	1.50%	$6.94											28,215
	COMM./REGIONAL	CONVENTIONAL	$6.85	1.50%	$8.66											27,900
	FREE STANDING	CONVENTIONAL	$2.90	1.50%	$5.27			X	X						$0	26,000
	COMM./REGIONAL	CONVENTIONAL	$5.72	1.50%	$8.70											24,190
	NEIGHBORHOOD	CONVENTIONAL	$2.56	1.50%	$7.11	X					X			X	$43,200	13,000
AVERAGE			$5.30	1.50%	$8.06										$21,600	26,407
AVERAGE FOR ALL REGIONS			$3.98	0.84%	$5.58										$6,661	24,341

NOTE: UNWEIGHTED DATA

SOURCE: FOOD MARKETING INSTITUTE, FACTS ABOUT STORE DEVELOPMENT, 1987

NEW STORES

TRENDS IN NEW STORE CONSTRUCTION

As shown in Table 1a, 4.3 percent of supermarkets were newly opened in 1987, the highest percentage since the 4.5 percent opened in 1982. This section of the report discusses various aspects of new stores such as size, building cost and store formats. It also ties this information together with consumer and industry trends.

New store size has been increasing every year since FMI began this study in 1952, but the most phenomenal gains have occurred in the 1980s. In 1987, the typical new store size was 46,892 square feet (Table 14), up from 43,830 square feet in 1986. Thirty years ago, the 1957 *Facts* reported that typical new store size was 22,000 square feet. Ten years later, the typical new store among companies surveyed was 21,000 square feet. Looking into the 1970s, the typical new store in 1972 was 24,770 square feet. Five years later in 1977 the typical new size was 25,900. By 1982 this had risen almost 11,000 square feet to 36,400.

Why are companies building larger stores? Connected with the growth in square footage is the sheer number of items sold. Looking way back, in 1952, FMI found that a typical grocery department carried only 2,200 items. The 1958 report noted that this number had been "growing by leaps and bounds," averaging nearly 5,000 items. Note that these numbers are for the grocery department only. In 1982, a typical supermarket overall carried 12,877 items. By 1987, this had grown to 24,531, a growth of over 90 percent. New store size increased by 20 percent during the same period.

TABLE 10
TYPICAL NUMBER OF ITEMS CARRIED BY A SUPERMARKET

1982	12,877
1983	16,719
1984	15,379
1985	17,459
1986	19,857
1987	24,531

Source: *The Food Marketing Industry Speaks*

Changes in store format are another important factor. In 1977, 84 percent of newly opened supermarkets examined in this study were conventional stores. By 1982, the picture had changed considerably. The largest segment of stores constructed in that year were super stores at 42.1 percent. Vying for second place were combination stores at 26.9 percent and conventionals at 25.4 percent. Super stores, those with over 30,000 total square feet and expanded food and non-food sections, had taken the lead. In 1987, 36.8 percent of newly opened stores were super stores, 17.8 percent were conventional, 37.9 percent were combination stores, and 5.1 percent were warehouse stores.

TABLE 11
PERCENT OF NEWLY OPENED STORES BY TYPE

	Conventional	Super Store	Combination	Warehouse
1977	83.6%	13.3%	3.1%	---
1980	33.7%	54.2%	8.5%	3.3%
1982	25.4%	42.1%	26.9%	4.7%
1985	21.5%	49.2%	18.4%	9.0%
1986	31.3%	38.5%	21.0%	7.7%
1987	17.8%	36.8%	37.9%	5.1%

Changing life styles and demographics also have had an effect on the size of American supermarkets. Stores in urban locations tend to be smaller simply because of space limitations imposed by the concentrated environment. As more Americans move to the suburbs, supermarkets are able to expand into the greater space. According to the U.S. Bureau of the Census, in 1950, 53.7 Americans lived in center cities, out of a total population of 151.3 million, while only 40.9 million lived in "outer center cities" (suburbs). By 1980, center cities had grown to 68 million, while the suburbs jumped phenomenally to 101.5 million.

TABLE 12
POPULATION BY PLACE OF RESIDENCE (millions)

	1950	1960	1970	1980
Metropolitan Areas	94.6	119.6	153.7	169.4
Center Cities	53.7	59.9	67.9	68.0
Outer Center Cities	40.9	59.6	85.8	101.5
Non-metropolitan Areas	56.7	59.7	49.6	57.1
TOTAL POPULATION	151.3	179.3	203.3	226.5

Source: U.S Department of Commerce, Bureau of the Census

One outstanding characteristic of supermarkets in the 1980s is the addition of specialized service departments. For example, the *Food Marketing Industry Speaks, 1977* report found that 54 percent of stores surveyed had a scratch or bake-off bakery. In 1987, that figure rose to 65 percent. In 1977, only 25 percent featured fresh seafood. In 1987, 42 percent said they offered this service. As customers grow to expect certain services the industry changes its stores to provide them. Thus the expanded store formats begin to predominate.

The building of new stores is the major use of a supermarket company's capital. It typically cost $75.66 per square foot to build a new supermarket in 1987 (Table 15). That translates into almost a $3.1 million capital investment for a 40,000 square foot store. This is one factor in the high number of store remodelings versus new store construction: for example, a typical remodel in 1987 cost $500,000 (Table 4). The typical building cost per square foot was $34.04 (Table 16), while equipment, fixtures and decorations cost $35.00 per square foot (Table 17).

Supermarket companies used to be able to finance most of their capital needs for reinvestment from either profits or money raised from the sale of stock. Two decades ago companies were able to accumulate approximately 60 percent of their capital needs in this fashion. In 1986-1987 only 46 percent of capital needs were raised from profits and the sale of stock. The rest had to be borrowed. Fortunately, the industry has been helped by a moderation in the prime interest rate that banks charge their customers. At one point in 1980 the prime rate reached a high of 21.5 percent. It has remained below 15 percent since 1982, dropping to a low of 7.5 percent in December 1986.

Inventory is a major investment for a new store. The typical cost for opening inventory in 1987 was $800,000 (Table 19). The average selling price of an item in 1987 was $1.38. With a typical gross margin of around 22 percent, this translates into a cost of goods sold per unit of $1.08 or over 740,000 total items.

Energy management systems are installed in many new stores. For example, in 1987 70.3 percent of new stores were equipped with heat reclamation systems. This figure was 98.2 percent in those firms with 21 or more stores.

TABLE 13
TYPICAL TOTAL SQUARE FEET FOR NEW STORES

	MEDIAN	MIDDLE RANGE		NUMBER PARTICIPATING
ALL STORES	46892	40000	52430	195
COMPANY SALES (IN MILLIONS OF DOLLARS)				
UNDER 10 MILLION				1
10 - 30 MILLION	52430	52430	52430	56
31 - 100 MILLION	36000	28000	44167	7
101 - 250 MILLION	48704	30000	55000	12
251 - 500 MILLION	36500	28000	46892	27
OVER 500 MILLION	41757	40000	55850	92
GEOGRAPHIC REGION				
NORTHEAST				0
MIDDLE ATLANTIC	40000	40000	50000	9
EAST NORTH CENTRAL	52430	52430	52430	77
WEST NORTH CENTRAL	35958	21000	52900	9
SOUTHEAST	40000	30680	40000	52
WEST SOUTH CENTRAL	58445	37184	60651	12
MOUNTAIN	41757	35000	46600	11
PACIFIC	43303	43303	43303	24
CANADA				1

CONTINUED

TABLE 13

TYPICAL TOTAL SQUARE FEET FOR NEW STORES

	MEDIAN	MIDDLE RANGE		NUMBER PARTICIPATING
SIZE OF STORE (IN SQUARE FEET)				
UNDER 30,000	25500	21000	28000	25
30,000-39,999	36000	35000	36500	21
40,000-49,999	41757	40000	43303	57
50,000 AND OVER	52430	52430	56000	92
TYPE OF STORE				
CONVENTIONAL	26600	21000	28000	27
SUPER STORE	40000	40000	45000	89
COMBINATION STORE	52430	52430	52430	73
WAREHOUSE	50249	49204	53185	4
OTHER				2
LOCATION OF STORE				
COMMUNITY/REGIONAL	40000	40000	55000	50
NEIGHBORHOOD	52430	40000	52430	129
FREE STANDING	60325	40084	60651	12
OTHER	21000	21000	41000	4

NOTE: DATA WEIGHTED BY NUMBER OF STORES

SOURCE: FOOD MARKETING INSTITUTE, FACTS ABOUT STORE DEVELOPMENT, 1987

Figure 2

NEW STORE SIZE

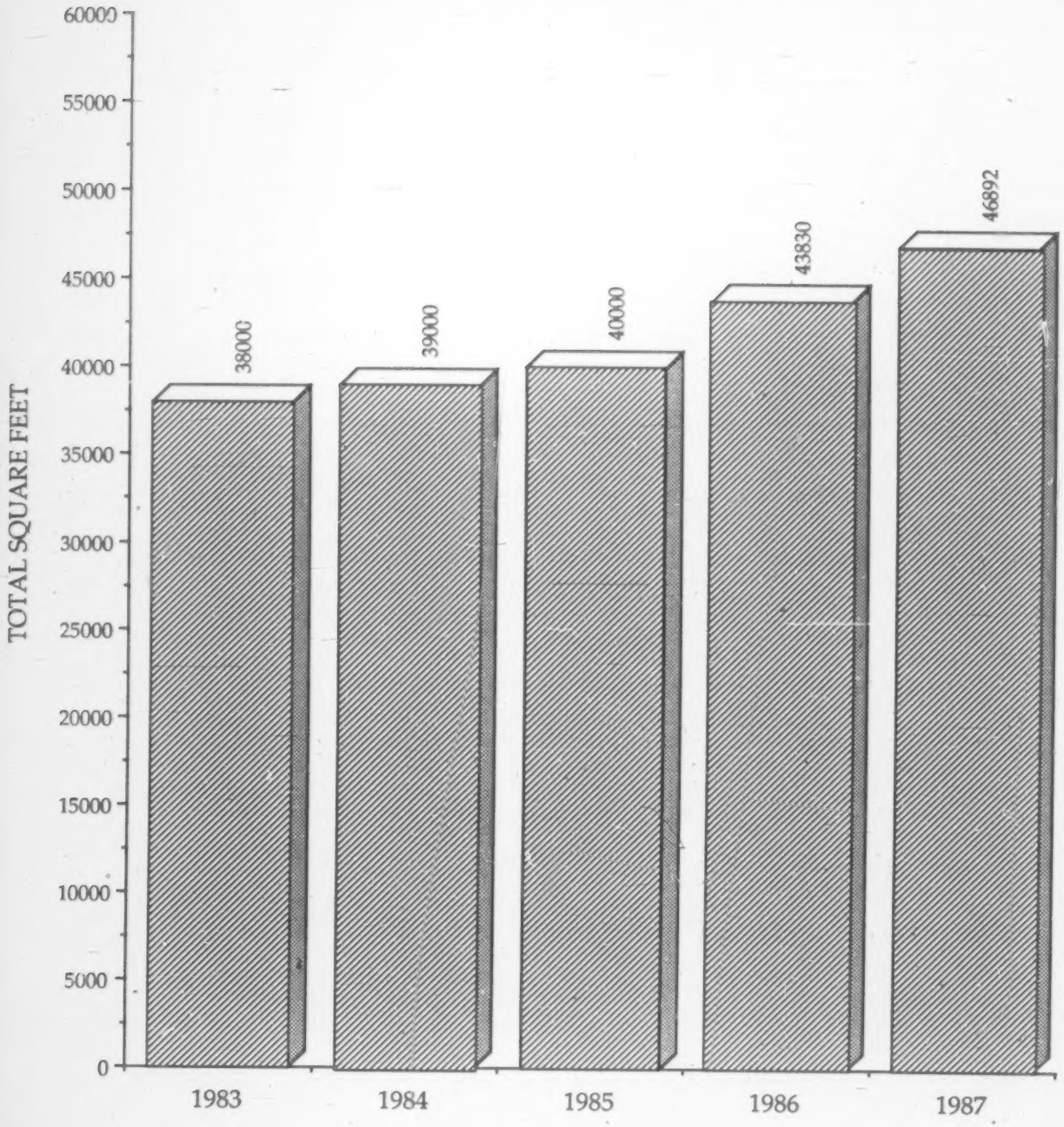

TABLE 14

TYPICAL SQUARE FEET OF SELLING AREA FOR NEW STORES

	MEDIAN	MIDDLE RANGE		NUMBER PARTICIPATING
ALL STORES	33000	28000	39320	193
COMPANY SALES (IN MILLIONS OF DOLLARS)				
UNDER 10 MILLION				1
10 - 30 MILLION	39320	39320	39320	56
31 - 100 MILLION	29000	19000	32000	7
101 - 250 MILLION	32500	22000	36000	10
251 - 500 MILLION	25800	20800	34400	27
OVER 500 MILLION	30000	28506	39000	92
GEOGRAPHIC REGION				
NORTHEAST				0
MIDDLE ATLANTIC	28000	28000	36404	9
EAST NORTH CENTRAL	39320	39320	39320	77
WEST NORTH CENTRAL	28000	14000	36364	9
SOUTHEAST	30000	22740	30000	52
WEST SOUTH CENTRAL	40991	29509	49270	12
MOUNTAIN	28000	27977	29000	10
PACIFIC	29013	29013	29013	23
CANADA				1

CONTINUED

TABLE 14

TYPICAL SQUARE FEET OF SELLING AREA FOR NEW STORES

	MEDIAN	MIDDLE RANGE		NUMBER PARTICIPATING
SIZE OF STORE (IN SQUARE FEET)				
UNDER 30,000	17500	14000	20400	25
30,000-39,999	25800	23000	28000	21
40,000-49,999	30000	29013	30000	57
50,000 AND OVER	39320	39320	39320	90
TYPE OF STORE				
CONVENTIONAL	18600	14000	21670	27
SUPER STORE	30000	29000	31974	89
COMBINATION STORE	39320	39320	39320	73
WAREHOUSE	39202	35102	44490	4
OTHER				0
LOCATION OF STORE				
COMMUNITY/REGIONAL	30000	30000	38990	50
NEIGHBORHOOD	39320	28000	39320	128
FREE STANDING	47000	29000	49270	11
OTHER	14000	14000	29400	4

NOTE: DATA WEIGHTED BY NUMBER OF STORES

SOURCE: FOOD MARKETING INSTITUTE, FACTS ABOUT STORE DEVELOPMENT, 1987

TABLE 15
TYPICAL TOTAL CONSTRUCTION COST PER SQUARE FOOT

	MEDIAN	MIDDLE RANGE		NUMBER PARTICIPATING
ALL STORES	75.66	60.41	96.00	189
COMPANY SALES (IN MILLIONS OF DOLLARS)				
UNDER 10 MILLION				1
10 - 30 MILLION	96.00	96.00	96.00	55
31 - 100 MILLION	61.05	53.00	75.00	5
101 - 250 MILLION	62.44	45.00	76.40	12
251 - 500 MILLION	61.69	59.50	68.25	24
OVER 500 MILLION	65.19	56.55	84.00	92
GEOGRAPHIC REGION				
NORTHEAST				0
MIDDLE ATLANTIC	66.00	38.19	73.00	8
EAST NORTH CENTRAL	96.00	95.00	96.00	77
WEST NORTH CENTRAL	68.25	65.00	70.00	6
SOUTHEAST	84.00	57.35	86.00	51
WEST SOUTH CENTRAL	56.12	48.30	71.96	12
MOUNTAIN	58.89	57.78	60.00	10
PACIFIC	60.41	60.41	60.41	24
CANADA				1
SIZE OF STORE (IN SQUARE FEET)				
UNDER 30,000	58.34	45.00	64.71	21
30,000-39,999	59.50	57.35	64.14	20
40,000-49,999	73.00	60.41	86.00	56
50,000 AND OVER	96.00	71.96	96.00	92
TYPE OF STORE				
CONVENTIONAL	52.94	45.00	64.71	23
SUPER STORE	73.00	60.41	86.00	87
COMBINATION STORE	96.00	96.00	96.00	73
WAREHOUSE	56.00	53.00	62.11	4
OTHER				2
LOCATION OF STORE				
COMMUNITY/REGIONAL	84.00	60.00	86.00	50
NEIGHBORHOOD	75.00	60.00	96.00	127
FREE STANDING	71.96	61.05	71.96	11
OTHER				1

NOTE: DATA WEIGHTED BY NUMBER OF STORES

SOURCE: FOOD MARKETING INSTITUTE, FACTS ABOUT STORE DEVELOPMENT, 1987

Figure 3.

TOTAL CONSTRUCTION COST PER SQUARE FOOT

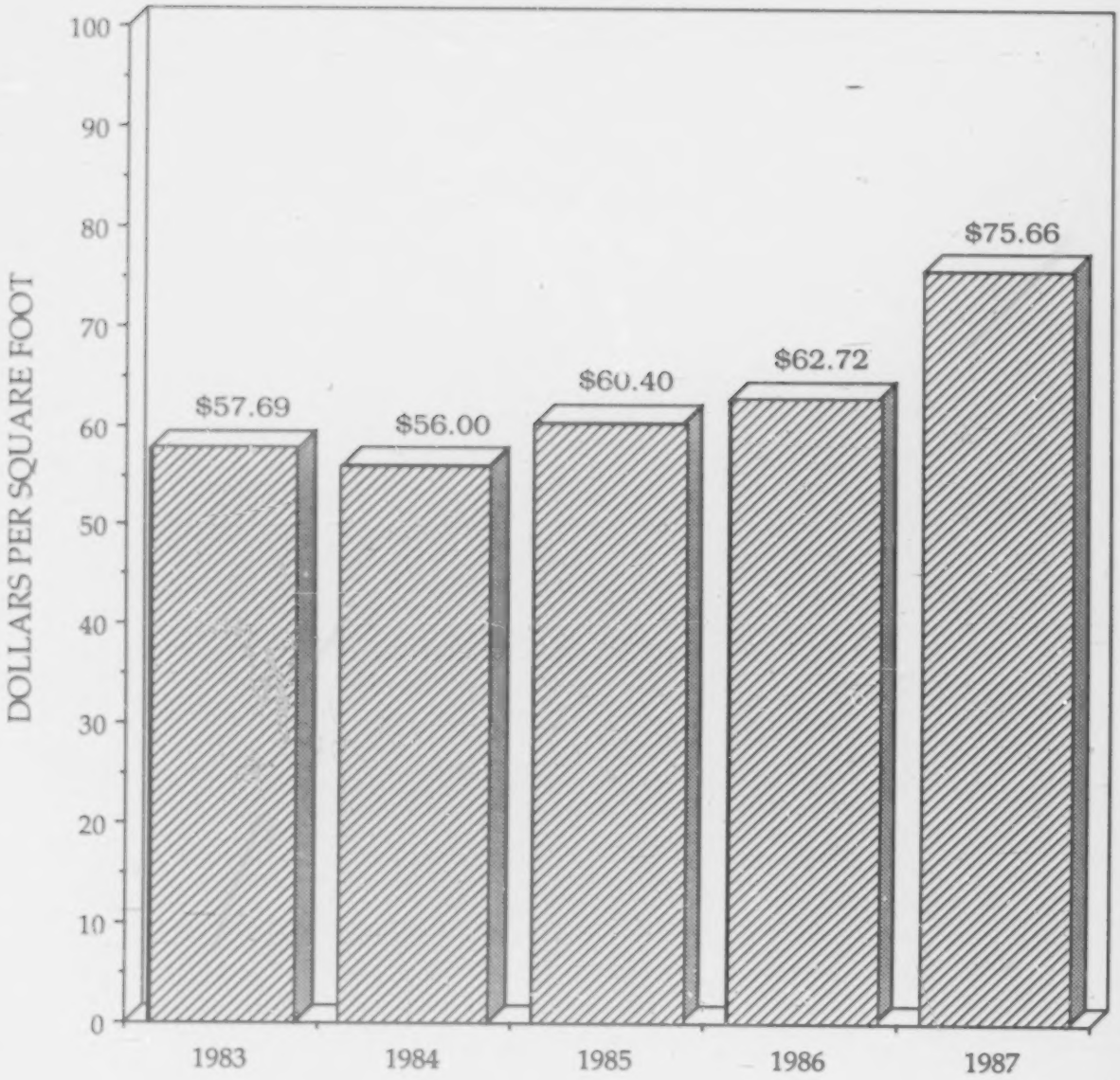

TABLE 16

TYPICAL BUILDING COST PER SQUARE FOOT

	MEDIAN	MIDDLE RANGE		NUMBER PARTICIPATING
ALL STORES	34.04	31.35	61.00	188
COMPANY SALES (IN MILLIONS OF DOLLARS)				
UNDER 10 MILLION				1
10 - 30 MILLION	61.00	61.00	61.00	55
31 - 100 MILLION	37.15	28.00	43.00	6
101 - 250 MILLION	29.29	25.00	40.03	12
251 - 500 MILLION	32.00	30.55	36.12	24
OVER 500 MILLION	34.00	31.06	34.04	90
GEOGRAPHIC REGION				
NORTHEAST				0
MIDDLE ATLANTIC	33.50	6.28	40.00	8
EAST NORTH CENTRAL	61.00	54.00	61.00	75
WEST NORTH CENTRAL	33.00	30.00	34.25	6
SOUTHEAST	34.00	29.00	34.00	51
WEST SOUTH CENTRAL	31.35	24.94	36.80	12
MOUNTAIN	31.76	30.19	32.00	11
PACIFIC	34.04	34.02	34.04	24
CANADA				1

CONTINUED

TABLE 16

TYPICAL BUILDING COST PER SQUARE FOOT

	MEDIAN	MIDDLE RANGE		NUMBER PARTICIPATING
SIZE OF STORE (IN SQUARE FEET)				
UNDER 30,000	29.00	23.96	32.45	21
30,000-39,999	30.60	30.25	32.50	20
40,000-49,999	34.00	34.00	34.04	57
50,000 AND OVER	61.00	36.80	61.00	90
TYPE OF STORE				
CONVENTIONAL	25.00	23.96	32.45	23
SUPER STORE	34.00	32.50	34.04	88
COMBINATION STORE	61.00	61.00	61.00	71
WAREHOUSE	29.00	27.50	34.53	4
OTHER				2
LOCATION OF STORE				
COMMUNITY/REGIONAL	34.00	30.60	34.00	50
NEIGHBORHOOD	40.00	31.35	61.00	125
FREE STANDING	36.80	35.05	39.27	12
OTHER				1

NOTE: DATA WEIGHTED BY NUMBER OF STORES

SOURCE: FOOD MARKETING INSTITUTE, FACTS ABOUT STORE DEVELOPMENT, 1987

TABLE 17

TYPICAL COST FOR STORE EQUIPMENT, FIXTURES AND DECORATIONS PER SQUARE FOOT

	MEDIAN	MIDDLE RANGE		NUMBER PARTICIPATING
ALL STORES	35.00	26.85	35.00	190
COMPANY SALES (IN MILLIONS OF DOLLARS)				
UNDER 10 MILLION				1
10 - 30 MILLION	35.00	35.00	35.00	56
31 - 100 MILLION	27.75	23.22	32.00	7
101 - 250 MILLION	27.27	20.00	32.45	12
251 - 500 MILLION	30.00	28.00	33.26	24
OVER 500 MILLION	32.51	26.37	50.00	90
GEOGRAPHIC REGION				
NORTHEAST				0
MIDDLE ATLANTIC	33.00	32.00	33.00	9
EAST NORTH CENTRAL	35.00	35.00	35.00	75
WEST NORTH CENTRAL	32.12	30.00	40.00	6
SOUTHEAST	50.00	26.85	52.00	52
WEST SOUTH CENTRAL	24.77	23.36	35.16	12
MOUNTAIN	28.00	26.72	33.09	11
PACIFIC	26.37	26.37	26.41	24
CANADA				1

CONTINUED

TABLE 17

TYPICAL COST FOR STORE EQUIPMENT, FIXTURES AND DECORATIONS PER SQUARE FOOT

	MEDIAN	MIDDLE RANGE		NUMBER PARTICIPATING
SIZE OF STORE (IN SQUARE FEET)				
UNDER 30,000	28.80	20.49	30.39	22
30,000-39,999	28.00	26.85	30.00	21
40,000-49,999	33.00	26.37	52.00	57
50,000 AND OVER	35.00	35.00	35.00	90
TYPE OF STORE				
CONVENTIONAL	28.80	20.00	30.39	24
SUPER STORE	33.00	26.72	52.00	89
COMBINATION STORE	35.00	35.00	35.00	71
WAREHOUSE	25.58	24.00	29.08	4
OTHER				2
LOCATION OF STORE				
COMMUNITY/REGIONAL	50.00	28.41	52.00	50
NEIGHBORHOOD	35.00	26.72	35.00	127
FREE STANDING	33.95	28.29	35.16	12
OTHER				1

NOTE: DATA WEIGHTED BY NUMBER OF STORES

SOURCE: FOOD MARKETING INSTITUTE, FACTS ABOUT STORE DEVELOPMENT, 1987

TABLE 18a

PROFILE OF NEW STORE CONSTRUCTION --MEDIANS

		TYPE OF STORE					LOCATION OF STORE			
	TOTAL	CONVEN-TIONAL	SUPER STORE	COMBI-NATION	WARE-HOUSE	OTHER	COMMUN.* REGIONAL	NEIGH. CENTER	FREE STANDING	OTHER
TOTAL	195	27	89	73	4	2	50	129	12	4
TYPICAL TOTAL SQUARE FEET	46892	26600	40000	52430	50249		40000	52430	60325	21000
TYPICAL SELLING AREA IN SQUARE FEET	33000	18600	30000	39320	39202		30000	39320	47000	14000
TYPICAL BUILDING COST PER SQUARE FOOT	34.04	25.00	34.00	61.00	29.00		34.00	40.00	36.80	34.25
TYPICAL COST FOR STORE EQUIPMENT, FIXTURES AND DECORATIONS PER SQUARE FOOT	35.00	28.80	33.00	35.00	25.58		50.00	35.00	33.95	32.25
TYPICAL TOTAL CONSTRUCTION COST PER SQUARE FOOT	75.66	52.94	73.00	96.00	56.00		84.00	75.00	71.96	66.50

NOTE: DATA WEIGHTED BY NUMBER OF STORES

SOURCE: FOOD MARKETING INSTITUTE, FACTS ABOUT STORE DEVELOPMENT, 1987

TABLE 18b

PROFILE OF NEW STORE CONSTRUCTION --MEDIANS

		GEOGRAPHIC REGION								
	TOTAL	NORTH EAST	MIDDLE ATLANTIC	EAST NORTH CENTRAL	WEST NORTH CENTRAL	SOUTH EAST	WEST SOUTH CENTRAL	MOUNTAIN	PACIFIC	CANADA
TOTAL	195	0	9	77	9	52	12	11	24	1
TYPICAL TOTAL SQUARE FEET	46892		40000	52430	35958	40000	58445	41757	43303	
TYPICAL SELLING AREA IN SQUARE FEET	33000		28000	39320	28000	30000	40991	28000	29013	
TYPICAL BUILDING COST PER SQUARE FOOT	34.04		33.50	61.00	33.00	34.00	31.35	31.06	34.04	
TYPICAL COST FOR STORE EQUIPMENT, FIXTURES AND DECORATIONS PER SQUARE FOOT	35.00		33.00	35.00	32.12	50.00	24.77	28.00	26.37	
TYPICAL TOTAL CONSTRUCTION COST PER SQUARE FOOT	75.66		66.00	96.00	68.25	84.00	56.12	58.89	60.41	

NOTE: DATA WEIGHTED BY NUMBER OF STORES

SOURCE: FOOD MARKETING INSTITUTE, FACTS ABOUT STORE DEVELOPMENT, 1987

TABLE 19
TYPICAL COST FOR OPENING INVENTORY

	MEDIAN	MIDDLE RANGE		NUMBER PARTICIPATING
ALL STORES	800000	619665	950000	182
COMPANY SALES (IN MILLIONS OF DOLLARS)				
UNDER 10 MILLION				1
10 - 30 MILLION	950000	950000	950000	56
31 - 100 MILLION	500000	275000	750000	6
101 - 250 MILLION	500000	400000	725000	11
251 - 500 MILLION	425000	350000	700000	23
OVER 500 MILLION	772649	687775	800000	85
GEOGRAPHIC REGION				
NORTHEAST				0
MIDDLE ATLANTIC	500000	500000	756500	8
EAST NORTH CENTRAL	950000	776000	950000	74
WEST NORTH CENTRAL	760393	627043	800000	4
SOUTHEAST	800000	421000	800000	51
WEST SOUTH CENTRAL	772649	638897	1369400	12
MOUNTAIN	700000	687775	750000	11
PACIFIC	687775	687775	687775	21
CANADA				1
SIZE OF STORE (IN SQUARE FEET)				
UNDER 30,000	305000	275000	381666	20
30,000-39,999	500000	421000	638897	17
40,000-49,999	687775	687775	800000	56

CONTINUED

TABLE 19
TYPICAL COST FOR OPENING INVENTORY

	MEDIAN	MIDDLE RANGE		NUMBER PARTICIPATING
50,000 AND OVER	950000	950000	950000	89
TYPE OF STORE				
CONVENTIONAL	318671	275000	390000	22
SUPER STORE	687775	550000	800000	85
COMBINATION STORE	950000	950000	950000	70
WAREHOUSE				3
OTHER				2
LOCATION OF STORE				
COMMUNITY/REGIONAL	800000	550000	800000	47
NEIGHBORHOOD	950000	619665	950000	123
FREE STANDING	772649	475000	776000	11
OTHER				1

NOTE: DATA WEIGHTED BY NUMBER OF STORES

SOURCE: FOOD MARKETING INSTITUTE, FACTS ABOUT STORE DEVELOPMENT, 1987

OWNERSHIP/LEASE ARRANGEMENTS FOR NEW STORES

As shown in Table 20, the mean rent for a new store included a minimum rent of $6.48 per square foot plus 0.7 percent of sales as overages adding to an expected total rent of $6.97 per square foot.

TABLE 20a
MEAN RENT FOR NEW STORES

		GEOGRAPHIC REGION								
	TOTAL	NORTH EAST	MIDDLE ATLANTIC	EAST NORTH CENTRAL	WEST NORTH CENTRAL	SOUTH EAST	WEST SOUTH CENTRAL	MOUNTAIN	PACIFIC	CANADA
TOTAL	70	5	11	14	6	15	2	7	9	1
MINIMUM RENT	6.48	8.12	6.74	6.49	6.59	5.77		6.22	6.85	
TOTAL	60	5	7	13	6	10		7	9	
OVERAGES AS A PERCENT OF SALES	.7	.7	.7	.5	1.0	1.0		.9	.3	
TOTAL	59	5	11	12	6	8		7	8	
EXPECTED TOTAL RENT	6.97	8.78	6.74	6.67	7.13	6.05		6.42	7.16	

NOTE: UNWEIGHTED DATA

SOURCE: FOOD MARKETING INSTITUTE, FACTS ABOUT STORE DEVELOPMENT, 1987

Figure 4

MEAN RENT FOR NEW STORES

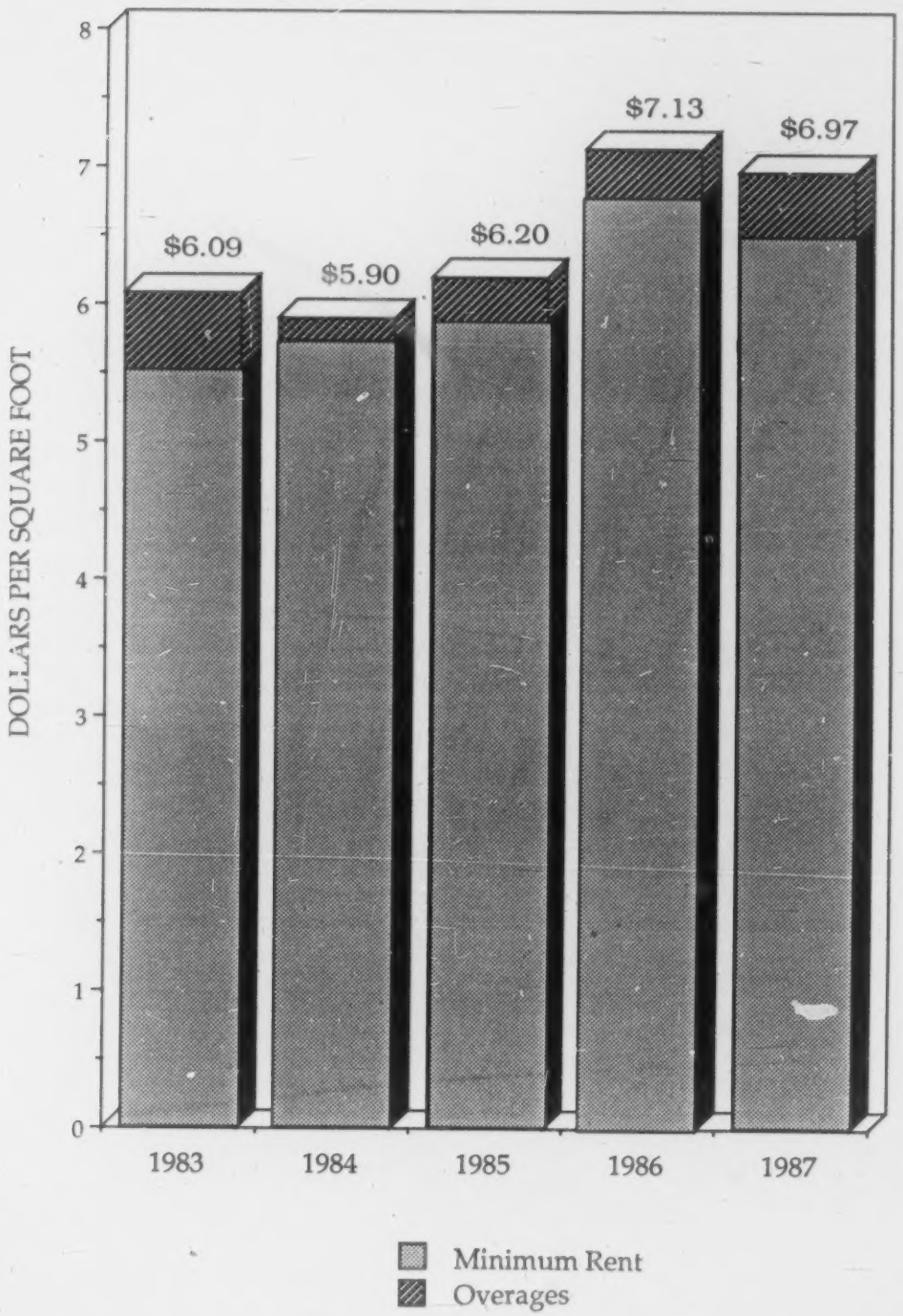

TABLE 20b
MEAN RENT FOR NEW STORES

		TYPE OF STORE					LOCATION OF STORE			
	TOTAL	CONVEN-TIONAL	SUPER STORE	COMBI-NATION	WARE-HOUSE	OTHER	COMMUN.* REGIONAL	NEIGH. CENTER	FREE STANDING	OTHER
TOTAL	70	16	31	4	14	2	17	46	3	0
MINIMUM RENT	6.48	5.18	7.05	6.88	6.61		[illegible]	6.59		
TOTAL	60	13	26	2	14		13	41		
OVERAGES AS A PERCENT OF SALES	.7	.7	1.0	.8	.4		.9	.7		
TOTAL	59	10	26	4	14		15	38		
EXPECTED TOTAL RENT	6.97	4.98	7.91	7.38	6.74		7.18	6.83		

NOTE: UNWEIGHTED DATA

SOURCE: FOOD MARKETING INSTITUTE, FACTS ABOUT STORE DEVELOPMENT, 1987

To more fully describe the actual lease arrangements for new stores, information for each supermarket is listed individually in Table 21. It shows the size, location and type of supermarket along with the rent paid and services provided by the landlord. All supermarkets are classified first by region and then by size. To illustrate: in the Northeast, which is the first region presented, each line represents a supermarket. The first line describes a 52,800 sq. ft. super store. The company pays $12.00/sq. ft. for rent plus 1.25 percent of annual sales as overages. The averages for rent, rent overages, annual common area charges, total rent and size for all stores in that region are given at the end of that region's listing.

TABLE 21

OWNERSHIP/LEASE ARRANGEMENT FOR NEW STORES

REGION	LOCATION OF SUPERMARKET	TYPE OF SUPERMARKET	MINIMUM RENT PER SQUARE FOOT	RENT OVERAGES AS A PERCENT OF SALES	ESTIMATED TOTAL RENT INCLUDING OVERAGES AFTER FIVE YEARS	SERVICES PROVIDED BY THE LANDLORD -- --INSTALLATION OF HEATING/AIR CONDITIONING	--MAINTENANCE OF HEATING/AIR CONDITIONING	--TAXES	--INCREASES IN TAXES	--INSURANCE	--PARKING INSTALLATION	--SPRINKLER SYSTEM	--SECURITY	--SNOW REMOVAL	ANNUAL COMMON AREA CHARGES	TOTAL SIZE OF STORE
						V	V	V	V	V	V	V	V	V		
NORTHEAST	NEIGHBORHOOD	SUPER STORE	$12.00	1.25%	$12.50	X					X	X	X	X	$70,000	52,800
	NEIGHBORHOOD	SUPER STORE	$9.25	1.25%	$9.75	X					X	X	X	X	$60,000	51,500
	NEIGHBORHOOD	SUPER STORE	$5.15	1.00%	$5.15	X	X	X	X	X	X	X	X	X		48,800
	COMM./REGIONAL	SUPER STORE	$7.00	0.00%	$8.00	X		X		X	X	X	X	X		45,000
	COMM./REGIONAL	SUPER STORE	$7.20	0.00%	$8.50	X					X	X	X	X		41,350
AVERAGE			$8.12	0.70%	$8.78										$65,000	47,890
MID-ATLANTIC	NEIGHBORHOOD	COMBINATION	$5.00		$5.00	X					X	X		X	$24,000	60,000
	COMM./REGIONAL	COMBINATION	$6.90		$6.90	X				X	X	X		X	$18,486	55,700
	NEIGHBORHOOD	COMBINATION	$7.60		$7.60	X				X	X	X		X	$20,000	50,000
	COMM./REGIONAL	WAREHOUSE	$7.40	1.00%	$7.40	X					X	X		X		49,408
	NEIGHBORHOOD	SUPER STORE	$7.86	0.75%	$7.86	X					X	X	X	X		40,743
	NEIGHBORHOOD	SUPER STORE	$9.65	0.75%	$9.65	X		X	X	X	X	X	X	X		40,295
	NEIGHBORHOOD	SUPER STORE	$8.03	0.75%	$8.03	X		X	X	X	X	X	X	X		40,100
	NEIGHBORHOOD	SUPER STORE	$10.25	1.00%	$10.25	X					X	X		X		40,000
	NEIGHBORHOOD	SUPER STORE	$8.00	0.75%	$8.00	X					X	X	X	X	$35,000	40,000
	NEIGHBORHOOD	CONVENTIONAL	$3.00	0.00%	$3.00	X		X			X				$2,000	14,800
		CONVENTIONAL	$0.42		$0.42											12,000
AVERAGE			$6.74	0.71%	$6.74										$19,897	40,277
E N CENTRAL	FREE STANDING	COMBINATION	$8.00	1.50%	$10.00	X					X	X				60,000
	COMM./REGIONAL	SUPER STORE	$6.50		$6.50	X				X	X		X	X		57,000
	COMM./REGIONAL	SUPER STORE	$6.50	1.25%	$6.50					X	X	X				56,000
	NEIGHBORHOOD		$5.25	0.00%	$5.25	X					X	X			$15,000	55,000
	NEIGHBORHOOD		$5.25	0.00%	$5.25	X					X	X			$15,000	55,000
	NEIGHBORHOOD	WAREHOUSE	$7.56	0.00%	$7.56	X					X	X		X		54,000
	NEIGHBORHOOD	WAREHOUSE	$5.00	1.00%	$6.00	X						X		X	$20,000	53,000
	COMM./REGIONAL	SUPER STORE	$5.00	1.00%	$5.75	X					X	X		X	$20,000	53,000
	NEIGHBORHOOD	SUPER STORE	$8.50	1.00%	$8.50	X					X	X				46,892
	NEIGHBORHOOD	SUPER STORE	$5.68	0.00%	$5.70	X					X	X				45,288
	COMM./REGIONAL	SUPER STORE	$6.50	1.00%	$6.50					X	X	X				40,000
	NEIGHBORHOOD	CONVENTIONAL	$6.43	0.00%							X	X				28,000
	NEIGHBORHOOD	CONVENTIONAL	$8.14	0.00%							X	X				28,000
	NEIGHBORHOOD	CONVENTIONAL	$6.50	0.00%	$6.50	X					X	X		X		25,500
	FREE STANDING	CONVENTIONAL														-
	FREE STANDING	CONVENTIONAL														-
	NEIGHBORHOOD	CONVENTIONAL														-
	FREE STANDING	SUPER STORE														-
AVERAGE			$6.49	0.51%	$6.67										$17,500	46,906

CONTINUED

TABLE 21

OWNERSHIP/LEASE ARRANGEMENT FOR NEW STORES

REGION	LOCATION OF SUPERMARKET	TYPE OF SUPERMARKET	MINIMUM RENT PER SQUARE FOOT	RENT OVERAGES AS A PERCENT OF SALES	ESTIMATED TOTAL RENT INCLUDING OVERAGES AFTER FIVE YEARS	SERVICES PROVIDED BY THE LANDLORD -- --INSTALLATION OF HEATING/AIR CONDITIONING	--MAINTENANCE OF HEATING/AIR CONDITIONING	--TAXES	--INCREASES IN TAXES	--INSURANCE	--PARKING INSTALLATION	--SPRINKLER SYSTEM	--SECURITY	--SNOW REMOVAL	ANNUAL COMMON AREA CHARGES	TOTAL SIZE OF STORE
W N CENTRAL	NEIGHBORHOOD	WAREHOUSE	$6.72	1.00%	$6.72	X				X	X	X				55,820
	NEIGHBORHOOD	WAREHOUSE	$7.85	1.00%	$7.85	X				X	X	X				55,812
	NEIGHBORHOOD	SUPER STORE	$6.47	1.00%	$6.47	X				X	X	X				39,904
	NEIGHBORHOOD	SUPER STORE	$5.52	1.00%	$6.25	X				X	X	X				37,466
	COMM./REGIONAL	SUPER STORE	$7.00	0.75%	$7.00	X				X	X					35,958
	COMM./REGIONAL	SUPER STORE	$6.00	1.25%	$8.50	X				X	X	X	X		$30,000	-
AVERAGE			$6.59	1.00%	$7.13										$30,000	44,992
SOUTHEAST	NEIGHBORHOOD	SUPER STORE	$5.15	1.50%		X		X								39,000
	NEIGHBORHOOD	SUPER STORE	$6.25			X		X	X		X	X		X	$3,600	36,650
	NEIGHBORHOOD	SUPER STORE	$7.33	1.25%	$7.33	X				X	X	X				35,000
	COMM./REGIONAL	SUPER STORE	$6.00	1.00%	$6.00	X				X	X				$14,000	35,000
	NEIGHBORHOOD	SUPER STORE	$6.25			X		X	X		X	X		X	$3,600	30,680
	COMM./REGIONAL	SUPER STORE	$6.25			X		X	X		X	X		X	$3,600	30,680
	COMM./REGIONAL	CONVENTIONAL	$4.50	1.32%	$4.50	X				X	X			X		30,000
	NEIGHBORHOOD	CONVENTIONAL	$6.65	1.00%	$6.65											29,500
	NEIGHBORHOOD	CONVENTIONAL	$4.45	1.00%	$4.45	X				X	X			X		28,635
	COMM./REGIONAL	CONVENTIONAL	$6.25			X		X	X		X	X		X	$3,600	26,650
	NEIGHBORHOOD	CONVENTIONAL	$6.25			X		X	X		X	X		X	$3,600	26,650
	COMM./REGIONAL	CONVENTIONAL	$6.00	1.00%	$6.50	X				X	X				$9,300	26,600
	COMM./REGIONAL	CONVENTIONAL	$3.75	1.00%	$4.00	X		X		X				X		20,000
	NEIGHBORHOOD	CONVENTIONAL	$4.00	1.00%		X		X	X	X	X			X	$0	18,779
		CONVENTIONAL	$7.40	0.00%	$9.00	X				X				X	$12,000	12,000
AVERAGE			$5.77	1.00%	$6.05										$5,922	28,388
W S CENTRAL	FREE STANDING	COMBINATION		0.00%		X	X	X	X	X	X	X	X	X	$18,750	75,000
	NEIGHBORHOOD	COMBINATION														68,270
	FREE STANDING	COMBINATION														68,227
	FREE STANDING	COMBINATION														60,068
	FREE STANDING	COMBINATION														46,039
	NEIGHBORHOOD	SUPER STORE														
		SUPER STORE	$4.80							X	X					35,000
	FREE STANDING	CONVENTIONAL														25,726
	NEIGHBORHOOD	CONVENTIONAL	$3.95	1.00%	$4.75	X		X		X	X					15,720
		CONVENTIONAL													$1,200	15,500
AVERAGE			$4.38	0.50%	$4.75										$9,975	44,752
MOUNTAIN	NEIGHBORHOOD	OTHER	$7.00	0.00%	$7.00										$54,000	69,500
	NEIGHBORHOOD	WAREHOUSE	$5.90	0.00%	$5.90	X				X	X		X			51,765
	NEIGHBORHOOD	WAREHOUSE	$6.00	0.50%	$6.00	X				X	X		X			51,765
	NEIGHBORHOOD		$4.25	1.00%	$4.25					X	X		X		$18,000	49,000
	NEIGHBORHOOD	SUPER STORE	$6.81	1.75%	$6.81	X				X	X		X		$28,000	46,600
	FREE STANDING	SUPER STORE	$7.10	1.50%	$8.00										$0	44,167
	NEIGHBORHOOD	SUPER STORE				X				X	X					40,000
	NEIGHBORHOOD	SUPER STORE	$6.50	1.25%	$7.00	X				X	X				$15,000	35,000
AVERAGE			$6.22	0.85%	$6.42										$23,000	48,475

CONTINUED

TABLE 21

OWNERSHIP/LEASE ARRANGEMENT FOR NEW STORES

REGION	LOCATION OF SUPERMARKET	TYPE OF SUPERMARKET	MINIMUM RENT PER SQUARE FOOT	RENT OVERAGES AS A PERCENT OF SALES	ESTIMATED TOTAL RENT INCLUDING OVERAGES AFTER FIVE YEARS	SERVICES PROVIDED BY THE LANDLORD -- INSTALLATION OF HEATING/AIR CONDITIONING	MAINTENANCE OF HEATING/AIR CONDITIONING	TAXES	INCREASES IN TAXES	INSURANCE	PARKING INSTALLATION	SPRINKLER SYSTEM	SECURITY	SNOW REMOVAL	ANNUAL COMMON AREA CHARGES	TOTAL SIZE OF STORE
PACIFIC	FREE STANDING	OTHER	$10.41	0.00%	$10.41											79,000
	NEIGHBORHOOD	SUPER STORE														60,000
	NEIGHBORHOOD	WAREHOUSE	$7.05	0.00%	$7.05	X					X	X		X		57,128
	NEIGHBORHOOD	WAREHOUSE	$6.12	0.00%	$6.12	X					X	X		X		54,743
	NEIGHBORHOOD	WAREHOUSE	$6.15	1.00%	$6.15	X					X	X		X		54,036
	NEIGHBORHOOD	WAREHOUSE	$7.69	0.00%	$7.69	X					X	X		X		54,030
	NEIGHBORHOOD	WAREHOUSE	$7.83	0.00%	$7.83	X					X	X		X		53,720
	NEIGHBORHOOD	WAREHOUSE	$5.78	0.00%	$5.78	X					X	X		X		53,160
		WAREHOUSE	$5.50	0.00%	$6.25						X			X	$9,100	44,000
	NEIGHBORHOOD	CONVENTIONAL	$5.15	1.50%							X	X				19,800
AVERAGE			$6.85	0.27%	$7.16										$9,100	52,962
CANADA	COMM./REGIONAL	SUPER STORE	$7.99	1.50%	$15.10	X	X				X	X		X		32,000
AVERAGE			$7.99	1.50%	$15.10											32,000
AVERAGE FOR ALL REGIONS			$6.48	0.70%	$6.97										$18,167	42,872

NOTE: UNWEIGHTED DATA

SOURCE: FOOD MARKETING INSTITUTE, FACTS ABOUT STORE DEVELOPMENT, 1987

SAMPLE QUESTIONNAIRES

The data for *Facts About Store Development, 1987* were gathered from three survey instruments. An initial postcard (p. 39) was mailed to FMI member and selected non-member companies to assess the state of the industry. Those companies indicating store development activity were mailed the longer questionnaire beginning on p. 43 while those with no new or remodeled stores were mailed the shorter questionnaire beginning on p. 41.

Dear Member:

Once again it is time to begin work on FMI's major surveys for 1988!

In order for us to assess the supermarket industry's store opening and closing activity during 1987, we ask you to take a moment to answer the questions below. Please return the card to FMI by DECEMBER 14, 1987.

We look forward to hearing from you. Thank you for your assistance.

Number of Supermarkets

1. HOW MANY SUPERMARKETS WILL YOUR COMPANY HAVE IN OPERATION AS OF DECEMBER 31, 1987?

(A supermarket is a food store with annual sales of $2 million) . . . . . _____

2. HOW MANY SUPERMARKETS DOES YOUR COMPANY OPERATE:

- That were acquired from another company in 1987? . . . . . _____
- That were newly constructed in 1987? . . . . . _____
- That underwent a major remodeling (a remodeling costing at least $50,000) in 1987? . . . . . _____
- That were closed in 1987? . . . . . _____

NAME _____

TITLE _____

TELEPHONE _____

THANK YOU

Please refold, and staple this postcard with the FMI address facing out. Postage is prepaid.

FMI FACTS ABOUT STORE DEVELOPMENT, 1987

Recently you were kind enough to complete a postcard about your store activity in 1987. Since you did not have any newly constructed or remodeled stores, we invite you to fill out this abbreviated questionnaire about your store(s). Please return it to FMI in the enclosed envelope by MARCH 15, 1988. We need YOUR response to provide a true picture of our industry. Thank you for your cooperation.

1. What were your company's total supermarket sales in 1987?
(Please estimate if the figures are not yet available) . . . . . .$_____million

2. GENERAL STORE INFORMATION

Please complete the following table for each type of supermarket your company had in operation as of December 31, 1987 (A supermarket is a food store with annual sales of at least two million dollars):

	Number of Supermarkets in Operation on December 31, 1987	Average Number of Years Since Supermarkets Last Major Remodel
a. Conventional Supermarket	_____ number	___ ___ years
b. Super Stores	_____ number	___ ___ years
c. Combination Stores	_____ number	___ ___ years
d. Warehouse Stores	_____ number	___ ___ years
e. Other_____	_____ number	___ ___ years
f. TOTAL SUPERMARKETS	_____ number	___ ___ years

STORE TYPES

Even though your company's definitions of store type may differ from the definitions that follow, we ask that you use the formats as defined here. This will help keep the store type data consistent for industry wide information.

A = Conventional Supermarket (A supermarket with under 30,000 total square feet)

B = Super Stores (A supermarket with over 30,000 total square feet; and expanded food and non-food selection)

C = Combination Stores (A supermarket with over 30,000 total square feet, and at least 25 percent of store area in general merchandise)

D = Warehouse Stores (A supermarket that uses utilitarian fixtures and emphasizes lowered prices at the expense of customer service)

E = Other

3. For each geographic region in which your company operates, please indicate the number of supermarkets your company a. owns, b. leases from a subsidiary/parent company, or c. leases from another corporation.

	Pacific	Mountain	West South Central	West North Central	East North Central	South East	Mid-Atlantic	North East	Canada
a. Number of Supermarkets Owned									
b. Number of Supermarkets Leased from a Subsidiary /Parent Company									
c. Number of Supermarkets Leased from Another Company									

4. LEASE ARRANGEMENTS

This is a chart requesting leasing information on all new and existing stores. Please list one store per line. If your company leases many stores, please give a representative sample of these stores.

FACTUAL INFORMATION	Region	Location of Supermarket(s)	Type of Supermarket(s)	RENT — Please give the rent per square foot. Minimum Rent per square foot	Rent Overages as a percent of sales	Expected Total Rent per square foot including Overages, after five years	Annual Common Area Charges	SERVICES PROVIDED BY THE LANDLORD — Please check	Installation of heating/air conditioning system	Maintenance of heating/air conditioning system	Taxes	Increases in taxes	Insurance	Installation of Customer parking	Sprinkler system	Security	Snow Removal	TOTAL SIZE OF STORE	Circle New or Existing
01				$	%	$	$	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	sq. ft.	N E
02				$	%	$	$	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	sq. ft.	N E
03				$	%	$	$	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	sq. ft.	N E
04				$	%	$	$	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	sq. ft.	N E
05				$	%	$	$	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	sq. ft.	N E
06				$	%	$	$	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	sq. ft.	N E
07				$	%	$	$	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	sq. ft.	N E
08				$	%	$	$	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	sq. ft.	N E
09				$	%	$	$	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	sq. ft.	N E
10				$	%	$	$	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	sq. ft.	N E
11				$	%	$	$	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	sq. ft.	N E
12				$	%	$	$	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	sq. ft.	N E
13				$	%	$	$	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	sq. ft.	N E
14				$	%	$	$	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	sq. ft.	N E
15				$	%	$	$	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	sq. ft.	N E
16				$	%	$	$	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	sq. ft.	N E
17				$	%	$	$	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	sq. ft.	N E
18				$	%	$	$	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	sq. ft.	N E

RENT

MINIMUM RENT (The minimum rent per square foot per year for total store area)

OVERAGES (The rent overages charged as a percent of sales)

EXPECTED TOTAL RENT (Give your total rent including overages. If your are describing a new store please give an estimate for the expected rent after five years of operation)

SERVICES PROVIDED BY THE LANDLORD (Place a check next to each of the services which are provided for by the landlord)

NE = North East MA = Mid-Atlantic

SE = South East ENC = East North Central

WNC = West North Central
WSC = West South Central

M = Mountain
P = Pacific
CC = Canada

FACTS ABOUT STORE DEVELOPMENT, 1987

This survey is part of an annual FMI research program designed to track supermarket formats and changes and developments in store construction. Please follow these guidelines when completing your survey form. All of your data will be held in strict confidence. Please answer as many questions as you can. If you have any questions please call the FMI's research department at 202-429-8279.

GENERAL INSTRUCTIONS

A. Please complete all sections of the survey that apply to your company. All data should be for the 1987 calendar year.

B. A supermarket is defined as a retail food store with at least two million dollars in annual sales.

1. What were your company's total supermarket sales in 1987?
(Please estimate if the figures are not yet available) . . . . . .$_____million

2. GENERAL STORE INFORMATION

Please complete the following table for each type of supermarket your company had in operation as of December 31, 1987 (A supermarket is a food store with annual sales of at least two million dollars):

	Number of Supermarkets in Operation on December 31, 1987	Average Number of Years Since Supermarkets Last Major Remodel	Number of Supermarkets Newly Constructed in 1987	Number of Supermarkets Closed in 1987	Number of Supermarkets Your Company Acquired in 1987
a. Conventional Supermarket	_____ number	__ __ years	_____ number	_____ number	_____ number
b. Super Stores	_____ number	__ __ years	_____ number	_____ number	_____ number
c. Combination Stores	_____ number	__ __ years	_____ number	_____ number	_____ number
d. Warehouse Stores	_____ number	__ __ years	_____ number	_____ number	_____ number
e. Other_____	_____ number	__ __ years	_____ number	_____ number	_____ number
f. TOTAL SUPERMARKETS	_____ number	__ __ years	_____ number	_____ number	_____ number

STORE TYPES

Even though your company's definitions of store type may differ from the definitions that follow, we ask that you use the formats as defined here. This will help keep the store type data consistent for industry wide information.

A = Conventional Supermarket (A supermarket with under 30,000 total square feet)

B = Super Stores (A supermarket with over 30,000 total square feet; and expanded food and non-food selection)

C = Combination Stores (A supermarket with over 30,000 total square feet, and at least 25 percent of store area in general merchandise)

D = Warehouse Stores (A supermarket that uses utilitarian fixtures and emphasizes lowered prices at the expense of customer service)

E = Other

3. LEASE ARRANGEMENTS

This is a chart requesting leasing information on all new and existing stores. Please list one store per line. If your company leases many stores, please give a representative sample of these stores.

	Store/Prototype #01	Store/Prototype #02	Store/Prototype #03	Store/Prototype #04
Region where store(s) is located (One region per column)				
Number of new stores	_____ supermarkets	_____ supermarkets	_____ supermarkets	_____ supermarkets
Location of Store	A B C D	A B C D	A B C D	A B C D
Type of Store	A B C D E	A B C D E	A B C D E	A B C D E
Total square feet per store	_ _ _,_ _ _ sq. ft.	_ _ _,_ _ _ sq. ft.	_ _ _,_ _ _ sq. ft.	_ _ _,_ _ _ sq. ft.
Square feet of selling area per store	_ _ _,_ _ _ sq.ft.	_ _ _,_ _ _ sq.ft.	_ _ _,_ _ _ sq.ft.	_ _ _,_ _ _ sq.ft.
CONSTRUCTION COSTS per sq.ft.:				
A. Equipment, fixture and decoration costs	$ _ _ .__ per sq.ft.	$ _ _ .__ per sq.ft.	$ _ _ .__ per sq.ft.	$ _ _ .__ per sq.ft.
B. Building (give an estimate if exact costs are unknown; do not include the cost of the land or parking lot)	$ _ _ .__ per sq.ft.	$ _ _ .__ per sq.ft.	$ _ _ .__ per sq.ft.	$ _ _ .__ per sq.ft.
TOTAL CONSTRUCTION COSTS (Sum of A and B)	$ _ _ .__ per sq.ft.	$ _ _ .__ per sq.ft.	$ _ _ .__ per sq.ft.	$ _ _ .__ per sq.ft.
OPENING COSTS				
Average cost of opening inventory	$_____	$_____	$_____	$_____
(optional) Please estimate the following preopening expenses. Only include expenses which are charged directly to the opening of a new store.				
Labor	$_____	$_____	$_____	$_____
Utilities	$_____	$_____	$_____	$_____
Rent	$_____	$_____	$_____	$_____

LOCATION OF STORE

A = Community or Regional Shopping Center (a planned center dominated by one or more large department or discount stores)

B = Neighborhood Shopping Center (a planned center with more than one store but dominated by the supermarket)

C = Free Standing (a store located by itself or in an unplanned shopping area)

D = Central Business District (a store located in a heavily populated metropolitan area, in a block with other stores)

E = Other

4. NEW STORE DEVELOPMENT IN 1987

Following is a chart requesting information only on stores that were newly constructed in 1987. If your firm has constructed a number of similar format, enter this information in one column and indicate the number of stores described per column. Please see Instruction Sheet.

FACTUAL INFORMATION	Region	Location of Supermarket(s)	Type of Supermarket(s)	RENT — Please give the rent per square foot: Minimum Rent per square foot	Rent Overages as a percent of sales	Expected Total Rent per square foot including Overages, after five years	Annual Common Area Charges	SERVICES PROVIDED BY THE LANDLORD — Please check: Installation of heating/air conditioning system	Maintenance of heating/air conditioning system	Taxes	Increases in taxes	Insurance	Installation of customer parking	Sprinkler system	Security	Snow Removal	TOTAL SIZE OF STORE	Circle New or Existing
01				$	%	$	$	☐	☐	☐	☐	☐	☐	☐	☐	☐	sq. ft.	N E
02				$	%	$	$	☐	☐	☐	☐	☐	☐	☐	☐	☐	sq. ft.	N E
03				$	%	$	$	☐	☐	☐	☐	☐	☐	☐	☐	☐	sq. ft.	N E
04				$	%	$	$	☐	☐	☐	☐	☐	☐	☐	☐	☐	sq. ft.	N E
05				$	%	$	$	☐	☐	☐	☐	☐	☐	☐	☐	☐	sq. ft.	N E
06				$	%	$	$	☐	☐	☐	☐	☐	☐	☐	☐	☐	sq. ft.	N E
07				$	%	$	$	☐	☐	☐	☐	☐	☐	☐	☐	☐	sq. ft.	N E
08				$	%	$	$	☐	☐	☐	☐	☐	☐	☐	☐	☐	sq. ft.	N E
09				$	%	$	$	☐	☐	☐	☐	☐	☐	☐	☐	☐	sq. ft.	N E
10				$	%	$	$	☐	☐	☐	☐	☐	☐	☐	☐	☐	sq. ft.	N E
11				$	%	$	$	☐	☐	☐	☐	☐	☐	☐	☐	☐	sq. ft.	N E
12				$	%	$	$	☐	☐	☐	☐	☐	☐	☐	☐	☐	sq. ft.	N E
13				$	%	$	$	☐	☐	☐	☐	☐	☐	☐	☐	☐	sq. ft.	N E
14				$	%	$	$	☐	☐	☐	☐	☐	☐	☐	☐	☐	sq. ft.	N E
15				$	%	$	$	☐	☐	☐	☐	☐	☐	☐	☐	☐	sq. ft.	N E
16				$	%	$	$	☐	☐	☐	☐	☐	☐	☐	☐	☐	sq. ft.	N E
17				$	%	$	$	☐	☐	☐	☐	☐	☐	☐	☐	☐	sq. ft.	N E
18				$	%	$	$	☐	☐	☐	☐	☐	☐	☐	☐	☐	sq. ft.	N E

RENT

MINIMUM RENT (The minimum rent per square foot per year for total store area)

OVERAGES (The rent overages charged as a percent of sales)

EXPECTED TOTAL RENT (Give your total rent including overages. If your are describing a new store please give an estimate for the expected rent after five years of operation)

SERVICES PROVIDED BY THE LANDLORD (Place a check next to each of the services which are provided for by the landlord)

FOOD MARKETING INSTITUTE

Thank you for your time. Your participation and cooperation are greatly appreciated. A complimentary copy of the completed report will be sent to your attention.

5. For each geographic region in which your company operates, please indicate the number of supermarkets your company a. owns, b. leases from a subsidiary/parent company, or c. leases from another corporation.

	Pacific	Mountain	West South Central	West North Central	East North Central	South East	Mid-Atlantic	North East	Canada
a. Number of Supermarkets Owned									
b. Number of Supermarkets Leased from a Subsidiary /Parent Company									
c. Number of Supermarkets Leased from Another Company									

REGION

Please use the following abbreviations to describe the regions in which your supermarkets are located.

NE = North East MA = Mid-Atlantic

SE = South East ENC = East North Central

WNC = West North Central
WSC = West South Central

M = Mountain
P = Pacific
CC = Canada

6. STORES REMODELED IN 1987

A. How many supermarkets underwent major remodeling in 1987? . . . . . _____ supermarkets
(a major remodeling is one which costs at least $50,000)

B. What was the schedule for your typical supermarket which underwent a major remodeling in 1987? . . . . . a. __ __ years from first opening to present remodeling

b. __ __ years from last major remodeling to present remodeling

C. What was the average total capital investment per supermarket for major remodeling? (for total store area). . . . . $ __,__ __ __,__ __ __ total investment

D. What was the average total capital investment per square foot for major remodeling? . . . . . $ __ __ __.__ __ per square foot

THANK YOU FOR PARTICIPATING IN THIS SURVEY

1750 K STREET, NW
WASHINGTON, DC 20006
202 • 452 • 8444 TELEX: 892722 FMI USA WSH